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**ОЦЕНКА ЦИФРОВОЙ ТРАНСФОРМАЦИИ БИЗНЕС-МОДЕЛИ В
СВЯЗИ С ПАНДЕМИЕЙ COVID 19, ИССЛЕДОВАНИЕ МЕСТНОГО
БИЗНЕСА В ЕКАТЕРИНБУРГЕ, РОССИЯ.**

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Abstract

With the evolution of digital technologies, the traditional system of doing business has been fractured and many companies now more than ever must react to digitalization. The digital transformation brings innovation not only into the delivery of the product but to the way businesses are conducted nowadays. The COVID-19 pandemic has altered our lives, and it is fair to argue that corporate operations and business models have undergone some type of digital transformation because of the pandemic. The main goal of this research paper was to identify how the digital transformation that was caused by the pandemic has changed the business model of a selected company in Yekaterinburg, Russia, clarify the definition of digital transformation, analyze the structured approach to digital transformation as well as the approach, phases, activities, and results.

Because the selected company is operating in the entertainment sector, this research paper is a case study. The basic activities and elements of the business models of the selected company, before and during the pandemic will be identified using the Business Model Canvas, and the company's approach to digital transformation will be examined and analyzed, in order to make further recommendations for other companies looking to improve or change their business model through the digitization because of COVID-19 pandemic. The knowledge gained in this research shows how the digital transformation changed/improved the business model of the selected company. The conclusions of this research paper are for other companies that are considering their digitalization.

Keywords: Digital Transformation; business model; digitization; business model innovation; enabler, business model canvas, balanced scorecard, Covid-19, Pandemic.

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INTRODUCTION

What do car companies like BMW, logistics firms like DHL, elevator manufacturers like ThyssenKrupp, and video game companies like Sony have in common? They all take advantage of digitization's promise to provide customers with smarter, faster services and actively drive the digital transformation of their business models (Digital Transformation). digital transformation affects all sectors of society, in particular economies. Simultaneously, digital transformation creates new networking opportunities and facilitates collaboration among many players who, for example, exchange data and launch activities. In this context, the digital transformation of business models plays an essential role because business models can be digitally transformed (Schallmo, Christopher, & Luke, 2017).

For many years, digital transformation has been debated, but a clear blueprint for how to apply digital transformation to business models in practice has yet to be developed (Schallmo, Christopher, & Luke, 2017) An approach for how to digitally transform business models, which phases and instruments should be considered, and examples of what enablers exist have been developed based on existing literature and the study of practical examples and the major factors unaccounted for in digital transformation of business models. The COVID-19 pandemic in 2020 added fresh pressure to achieving digital transformation goals, forcing many firms to accelerate their transformation efforts. The covid-19 pandemic spread rapidly around the world in 2020, posing a completely new type of crisis for everyone and a challenge for both public and private businesses. The Covid-19 pandemic has resulted in an unavoidable surge in the usage of digital technologies because of social distancing norms and statewide lockdowns. People and organizations all over the world have had to adapt to new work and lifestyles. (De', Pandey, & Pal, 2020). To mitigate damages caused by the virus, businesses worldwide were forced to use digital technologies. Russia was no exception. The Covid-19 crisis can be viewed not only as a disruptive period of insecurity and danger but also as a period of rapid adoption of digital technologies (Karabag, 2020). Before the pandemic, several organizations recognized the

importance of digital transformation, but the implementation process was slowed for most of them due to various factors such as complexity and cost (Scott, 2020) until COVID-19 made digital transformation an urgent priority (Lesser & Reeves, 2020). Business strategies are undergoing significant transformations in the post-covid-19 era (Kodama, 2020). Businesses are now being forced to reconsider their business models more than ever to ensure that the crisis has almost no impact on them while still providing adequate services to their customers. The coronavirus crisis allowed businesses to explore and expand their use of digital tools such as video conferencing applications, thereby eliminating the need for face-to-face meetings (Karabag, 2020).

People's ways of working, shopping, and communicating have all changed because of the pandemic. As a result, businesses and industries that have embraced digital transformation and reshaped their business models have a competitive advantage over those that have not, particularly in the face of Covid-19. In other words, by embracing digital transformation, several Russian businesses were able to continue operations while coping with the unexpected stagnation. (Nachit & Belhcen, 2020). While these activities demonstrate the tremendous potential of digital transformation, the pandemic has also highlighted the remaining gaps. While certain digital disparities have narrowed significantly in recent years, others have not, leaving some people behind in the COVID-induced digital acceleration. Furthermore, the increased reliance on digital solutions has heightened concerns about privacy and digital security. (OECD, 2020). According to (Stalmachova, Chinoracky, & Strenitzerova, 2022), the design of the future workspace, after the pandemic, is not yet known, but it will inevitably be more inclusive and advanced regarding the needs of employees and companies. Changes will be visible in various activities of the business's internal process, and the creation of a digital strategy and the support of remote work in the design of companies will be essential. The concept of working from home using ICTs was promoted, back in the 1990s, by California-based companies, such as Yahoo, under the name “telecommuting” or “telework”. Long hours of commuting between home and workplace have been replaced by personal computers and landline phones.

This can be considered the first generation of teleworking. (Stalmachova, Chinoracky, & Strenitzerova, 2022). During the COVID-19 epidemic, remote work, often known as telework or telecommuting, became increasingly popular in Russia. Most businesses were forced to move personnel to remote work during the lockdown in the spring of 2020. Increased use of cloud services, corporate internet, and tools to enhance staff collaboration, such as group calls or messaging, was one of the trend's outcomes. In general, Russians consider the ability to work remotely to be convenient, with 40% naming it as one of the most significant qualities while looking for a job in 2021. (Statista, 2021). The COVID-19 lockdown in Russia, also known as the non-working time, took place between the end of March and the middle of May 2020, during which the government recommended enterprises shift employees to remote work and guaranteed wages for those who could not work from home. Employees in continuous industrial production and agriculture were required to be present at their jobs, but employees in the finance, insurance, and IT industries had the greatest percentage of distance workers. Most remote employees in Russia have a university diploma and a good degree in digital literacy, as a rule. Furthermore, employees sixty-five and older were forced to work from home beginning April 2020, but that law was changed to a guideline only a year later. According to research done by the Statista Research Department, In December 2020, approximately one-third of Russian companies planned to leave remote work in place for at least another year. Furthermore, a quarter of large organizations contemplated rearranging their existing office facilities to adapt to the flexible working style, according to a 2020 survey. Employees increasingly preferred to work from home fully or partially, as they appreciated a flexible schedule and spent less money on lunch, commutes, or business clothing. The willingness to work from home was especially low among young people aged 18 to 24, with only 35% wanting to do so. In comparison, the percentage of those who prefer to work from home was approximately 30% higher among 25-34-year-olds. (Statista, 2021). As Business processes change, business models are bound to change also. As mentioned in a study by (Stalmachova, Chinoracky, & Strenitzerova, 2022), the studies on the digital transformation of business models are just theoretical and not applied to a

specific case. As a result, the changes brought on by the digital revolution (due to the pandemic) should be investigated using a combination of strategic management methodologies.

The scientific novelty of this research is based on the lack of research on the change and/or improvement of business models through digitalization/digital transformation in Russia by comparing existing business models in the economy before the COVID-19 pandemic and the current business models being used while accounting for adjustments, improvement and total changes made to the business model of organizations in Russia, Ekaterinburg.

This research aims to examine the existing business model being used in Russia, Ekaterinburg, and compare it with the post-COVID-19 era, highlighting the steps taken to change or improve the business model through digital transformation.

The main purpose of this research is to assess the directions and structural elements of the digital transformation of the business model of a Russian regional company in response to the challenges of the COVID-19 pandemic.

The main objectives of this research are:

1. To gain familiarity and gain new insights into the digital transformation of business models in the literal view through the study of existing literature and reports.
2. To examine the impact of the COVID-19 pandemic on the digital transformation of business models using a case study approach and existing surveys on the global level.
3. To examine and identify the structured approach to the digital transformation of the business model by studying the real-time approach to the digital transformation of a local business in Ekaterinburg.

The Object of this study translates to the part of the knowledge that this researcher was trying to work on, using a case study approach, the Russian local entertainment industry “LAD productions center” was chosen, and this was because of

the digital transformation process the company had embarked on due to the Covid-19 pandemic in recent times. The company's case directly helps the aims and objectives of this study.

The subject of the study is the alarming lack of a clear blueprint of how digital transformation of business models can be applied in practice (Schallmo, Christopher, & Luke, 2017). Before the pandemic, several organizations recognized the importance of digital transformation, but the implementation process was slowed for many of them due to various factors such as complexity and cost until Covid-19 made digital transformation an urgent priority (Nachit & Belhcen, 2020).

The research method used is the Qualitative Research method, the secondary research was done through the analysis of internet sources and literature reviews, and as part of the primary research, a case study approach was used. A case study is a research method for gaining a comprehensive, multi-dimensional understanding of a complex subject in its natural setting. It is a well-known study design that is frequently used in a variety of subjects, particularly in the social sciences (Crowe, et al., 2011). The case study is to help gain a thorough understanding of the case and its context through interviews, observations, and analysis of primary and secondary sources of information (e.g., newspaper articles, photographs, official records) of the selected company of choice by the researcher.

The entirety of this study was based on the underlying problem stated by (Kotarba, 2018; Schallmo, Christopher, & Luke, 2017) that companies lack a clear master plan for how digital transformation of business models can be applied in practice. Technological companies like BMW, Logistics companies such as DHL, and Elevator producers like ThyssenKrupp that have all gone through an extensive digital transformation process hardly make their internal process public information (BMW, 2015), and for those companies that do, the information becomes restricted by countries, etc. The feedback from the LAD production center further proves this, as the director admitted that the digitization of the company should have been earlier than

now, but because of the low level of practical approaches to doing this, the plans were halted.

An introduction, three chapters, a conclusion, and a list of sources make up this thesis. The first chapter contains the theoretical approach of the study, which analyzes and explains theorized definitions and concepts of digital transformation and business model analysis given by scholars and experts as well as a summary of research that has been conducted in the past on digital transformation, business model analysis, and digital transformation of business models. It also contains an empirical review of the concepts of digital transformation, which is based on observed and measured phenomena, i.e., based on actual experiences of the digital transformation of an organization's business model, rather than from theory or belief.

1 APPROACH TO UNDERSTANDING DIGITAL TRANSFORMATION OF BUSINESS MODELS, A LITERATURE REVIEW

1.1 Concept of Digital Transformation

Because of the interdisciplinary nature of digital transformation and its recent history, there are few widely accepted definitions, ontologies, and taxonomies (Kotarba, 2018). A case study is a research method used to gain a comprehensive, multi-faceted understanding of a complex subject in its natural setting. (Auriga, 2016) argued that in the 1990s and 2000s, the concepts of digital products, services, and channels were well-understood. For example, mass media advertising campaigns were considered important digital channels with which to reach customers in the 1990s and 2000s, even though the purchases were still made inside brick-and-mortar stores, often with cash. According to (Schallmo, Christopher, & Luke, 2017), the rise of smart devices and social media platforms between 2000 and 2015 resulted in a significant shift in the methods customers used to communicate with business owners and suppliers, as well as a shift in customer expectations regarding response times and multi-channel availability. Businesses noticed that they could now engage with their clients digitally, on an individual basis, and often in real-time. An ever-growing selection of digital payment options such as PayPal also contributed to increasingly online commerce and opportunities and web-based points for sale. Because of digital transformation, businesses now focus on creating value for customers by leveraging the kinds of personalized customer data those mobile technologies can generate on a massive scale (Schallmo, Christopher, & Luke, 2017). Businesses are now utilizing this individualized data to better streamline their products, messages, and interactions to meet the specific demands of their customers. (Kotarba, 2018) defined digital transformation as the modification (or adaptation) of business models, because of the dynamic pace in technological progress and innovation that causes changes in consumer social behaviors. (Proctor, 2017) concluded that the main objectives of digital transformation are collecting new data and using this data to reimage these old, rule-based processes. It is important to note that there is no commonly accepted

definition for digital transformation, based on the literature review by (Kotarba, 2018; Daniel, Christopher, & Luke, 2017), the following definition of digital transformation was adopted for this research:

“The digital transformation framework includes the networking of actors such as businesses and customers across all value-added chain segments (BMW, 2015, p. 3), and the application of new technologies (PwC, 2016, p. 9). As a result, abilities in data extraction and translation into meaningful information are required for digital transformation. This information should be used to calculate and evaluate options, in order to enable decisions and/or initiate activities that would help increase the performance and reach of a company (BMW, 2015; Daniel, Christopher, & Luke, 2017).” Digital transformation has the greatest impact on many aspects of socio-economic development, as it enables new networking potentials and collaboration among various actors, who in turn, can exchange data and thus initiate new processes (Schallmo & Williams, 2018). (The Enterprisers Project, 2020) defined digital transformation as the integration of digital technology into all areas of a business, fundamentally changing how the business operation and the way it delivers value to customers. It is a cultural shift that necessitates organizations constantly pushing for change and transformation. To develop business models, or improve products, processes, services, and maintain quality, organizations must engage in continuous digital innovation (Skog, 2019), Verhoef, et al., (2019) defined digital transformation as a shift in how businesses use digital technologies to create a new digital business model that helps improve business value. Digital technology allows products and services to be integrated across functional, organizational, and geographic boundaries (Sebastian, et al., 2017).

The general idea of digital transformation of a company usually involves several digitalization projects being implemented, this means the absolute integration of digital technologies into all areas of business in the company (Stalmachova, Chinoracky, & Strenitzerova, 2022). However, the neglected ideology of it also being the improvement of the existing business models or the creation of new business processes

and new business models that provides greater value for customers is often common in the business world. The change can be accomplished by creating new business models that define the way an organization delivers values to its customers (Madlenak, Madlenakova, & Kolarovszka, 2016; Statista, 2021). Digital transformation is also known as strategic business transformation, and it focuses on the customer at its core. It also necessitates organizational and cultural change in addition to digital transformation. (Stalmachova, Chinoracky, & Strenitzerova, 2022). Organizations and enterprises must monitor performance improvements on key performance indicators to fully grasp the potential of digital transformation (KPIs). The importance and use of KPIs may differ in the several phases of digital transformation (Verhoef P. , et al., 2021). It is a known phenomenon that organizational change caused by digital transformation can lead to improved performance, as well as culture change, which represents a shift towards more agile and intelligent ways of doing business in the business environment, an example is the advanced software-based analytical tools and artificial intelligence (AI) (van Deursen & van Dijk, 2011; Chinoracky & Corejova, 2019). The efforts of the companies today toward digital transformation have largely begun, and are becoming wider and deeper. According to (Statista, 2021), digitally transformed organizations are expected to contribute to more than half of the global GDP by 2023. The long term mapping of the use of digital technologies by the citizens of Russia has shown that the proportion of people who know how to use digital technologies is high (Statista, 2021)., and many employees are worried about how digital transformation will influence their job if they do not have the right digital skills (Stalmachova, Chinoracky, & Strenitzerova, 2022). Because of the increasing amount of information on the internet and the people's dependence on information, digital skills should be considered a vital resource in contemporary society (Nambisan, Wright, & Feldman, 2019).

1.2 Elements of digital transformation

Digital transformation is not a straightforward process for companies and businesses to accomplish, and in most cases, requires several years of trial for a

successful implementation of the digital transformation. A McKinsey study (Bucy, Finlayson, Kelly, & Moye, 2016) revealed that 70% of most companies fail in the successful digitalization of their products and business processes.

(Martin, 2018) had developed five ways of helping a company improve the chances of successful implementation of the digital transformation. And they include:

- The availability of “digital-savvy” leaders
- Creation of capabilities for the “workforce of the future”
- Inspiring colleagues to work in innovative new ways
- Having a “digital upgrade” of “day-to-day tools”
- Frequent communication (both traditional and digital)

Academic researchers point out many separate phases or elements of a digital transformation. A review of different papers on digital transformation (Zaoui, F., & Souissi, N., 2020) shows that there are at least seventeen distinct phases of digital transformation that a company can go through. The most talked-about phases of digital are the following groups:

- a. Evaluating the need for digital transformation. It is linked to the existing state of digital skills and technologies of a given company, and this evaluation should be multi-dimensional (Rueckel, Mühlburger, & Koch, 2020). The importance is linked to the need for the company to do a self-reflection on the maturity of the company. The main activities of this group include a digital maturity assessment and a preliminary definition of the strategic guidelines.
- b. Defining a strategic orientation for the digital transformation, determining, and setting strategic goals. The definition of strategic orientation includes setting goals, internal and external evaluation, and setting objectives for action. This is the most important phase for a further successful transformation. The main activities of this phase group are the definition of strategy milestones and directions for the company’s digital transformation, and evaluation of current business models in the company.

c. Implementing digital transformation: It is already a known phenomenon that digital transformation, in any case, requires extensive preparation and guidance, however, the implementation process remains the most concrete phase of the whole digital transformation strategy and project. This implementation phase consists of most tasks that a company could do during a digital transformation. Some of these tasks include:

- Customer experience transformation
- Digital transformation design
- Digital transformation of business process
- Organizational digital transformation
- Digital transformation in operations
- Digital transformation of the value proposition
- Digital transformation of the company’s culture
- Product and/or service digital transformation.

As the digital transformation of business models in businesses began to take form, there began a noticeable change in assumptions for industry leaders regarding business strategy from the analog to the digital age (Rogers, 2016). Rogers (2016) postulated in his study five domains for which technology can change many of the fundamental principles of strategy, including how they can change the potential rules by which the companies operate around the globe. These domains include “Customers, Competition, Data, Innovation, and Value. See table 1 for the changes in assumptions observed by Rogers (2016).

Table 1. Changes in Assumptions for strategy from analog to the digital age

Source: (Rogers,2016)

	From	To
Customers	a. Customers as mass-market b. Communications are broadcast to customers c. The firm is the key influencer	a. Customers as a dynamic network b. Communications are two-way c. Customers are the key influencer

	<ul style="list-style-type: none"> d. Marketing to persuade purchase e. One-way value flows Economies of (firm) scale 	<ul style="list-style-type: none"> d. Marketing to inspire a purchase, loyalty, advocacy e. Reciprocal value flows Economies of (customer) value
Competition	<ul style="list-style-type: none"> a. Competition within defined industries b. Clear distinctions between partners and rivals c. Competition is a zero-sum game d. Key assets are held inside the firm e. Products with unique features and benefits f. A few dominant competitors per category 	<ul style="list-style-type: none"> a. Competition across fluid industries b. Blurred distinctions between partners and rivals c. Competitors cooperate in key areas d. Key assets reside in outside networks e. Platforms with value-exchanging partners Because of network effects, the winner takes it all.
Data	<ul style="list-style-type: none"> a. Data is expensive to generate in firm b. The Challenge of data is storing and managing it c. Firms make use only of structured data d. Data is managed in operational silos e. Data is a tool for optimizing processes 	<ul style="list-style-type: none"> a. Data is continuously generated everywhere b. The difficulty with data is converting it into useful information. c. Unstructured data is increasingly Usable and valuable d. Data is only valuable if it can be connected across silos. e. Data is a key intangible asset for value creation
Innovation	<ul style="list-style-type: none"> a. Decisions made based on intuition and seniority 	<ul style="list-style-type: none"> a. Decisions made based on testing and validating

	<ul style="list-style-type: none"> b. Testing ideas is expensive, slow, and difficult c. Experiments conducted infrequently, by experts d. Finding the proper solution is the challenge of innovation. e. Failure is avoided at all costs f. Focus is on the “finished” product 	<ul style="list-style-type: none"> b. Testing ideas are cheap, fast, and easy c. Experiments conducted constantly, by everyone d. The task of innovation is to find the correct challenge to address. e. Failures are learned, early and cheaply f. The focus is on minimal feasible prototypes and post-launch iteration.
Value	<ul style="list-style-type: none"> a. Value proposition defined by industry b. Execute your current value proposition c. Optimize your business model if possible d. Judge change by how it impacts your current business e. Market success allows for complacency 	<ul style="list-style-type: none"> a. The value proposition is defined by changing customer needs b. Uncover the next opportunity for customer value c. Evolve before you must, to stay ahead of the curve d. Change should be assessed in terms of how it can impact your future venture. e. “Only the paranoid survives”

For a company that wants to remain afloat in the modern world, there is no neglecting the business's digital transformation. Digital transformation is seen as an entrepreneurial process (Henfridsson & Yoo, 2014) in which organizations and businesses in pursuit of digital transformation change from a formerly successful business model, rendering the formerly successful business model obsolete (Tongur & Engwall, 2014; Kiel, Arnold, & Voigt, 2017). More companies are becoming aware of the importance and the effects of digitalizing production operations and implementing

technology in every area of the company, especially after the COVID-19 pandemic, which has led to increased dependence of industries on the use of digital technologies. For companies who still sit on the fence post-Covid-19, here are some advantages of digitizing company processes and business models.

A. Increased productivity

Thanks to the automation of processes, employees carry out tasks with greater effectiveness, autonomy, and efficiency. How? By optimizing resources, the team is released to perform certain tasks, allowing them to focus on others more relevant. On the other hand, systematizing production processes allows for greater control over asset management. As a result, time previously spent on administrative chores can be redirected to improving industrial production processes or other responsibilities. (Nexus Integra, 2022)

B. Cost and time reduction

This argument is the root of the preceding one because increased productivity results in significant time and cost savings in every department of the company. A digitized industrial company is unquestionably more competitive, productive, and profitable. Because these modern tools, such as MES and ERP systems, allow companies to finish projects in less time, they are more effective. In this case, the advantages are instant. (Nexus Integra, 2022).

C. Expanding your business opportunities

A competitive company is one that is adaptable, current, and on the cutting edge of technology. Following new digital trends re-establishes the company model, allowing for the implementation of new business structures that were previously unknown or inaccessible. Furthermore, digitizing your industrial business can help you extend your market, enhance your turnover, and improve your competitiveness. (Nexus Integra, 2022).

D. Added value versus the competition

In general, fighting change or taking too long does not go well, but in business, the possibilities are much reduced. As mentioned above, digitalization is a fact of life in the industrial sector and it is here to stay. Now is the opportunity to show how versatile and flexible your company can be. Betting on digital solutions to manage your company's assets will not only help you save money but will also set you apart from your competition. In addition, digitizing your industrial company will also help to improve its reputation: giving your company a modern, innovative and efficient image, compared to the rest. (Nexus Integra, 2022)

E. Access to information and analysis capacity

Artificial Intelligence provides powerful and effective solutions to assist your industrial organization in optimizing resources, extracting useful information, and improving overall performance. On paper, a significant quantity of data is lost that could be used to prevent problems, improve production processes, extract intelligent forecasts, optimize the production chain, and a plethora of other benefits in the proper hands. In short, if you are committed to a digitization process, supported by the application of Artificial Intelligence (AI), you can find great opportunities for optimization that are very valuable for your company. (Nexus Integra, 2022).

F. Reducing response times

The industrial sector's digitization provides benefits on both an internal and external level. The company's internal work and communication will also improve as a result of this shift. Digital tools let departments collaborate more effectively, making decision-making easier and reaction times shorter. Simplification procedures and dealing with data in real-time, on the other hand, enable a fast reaction to any form of change that may occur in the manufacturing process. This streamlining not only streamlines operations, but also improves the customer or potential partner experience since people are increasingly searching for fluid, quick, and instantaneous communication. (Nexus Integra, 2022)

G. Attracting and retaining talent

Being a modern, digitized company not only generates credibility with customers but also with talent. The best professionals will always opt for the most cutting-edge and innovative companies. Your industrial organization should not be left behind if you want to have the best staff. And the more brilliant people you have in your digitized company, the more you will get new ideas, new approaches, and better results. In this sense, it can be claimed that altering your business will benefit you in a variety of ways. Furthermore, better asset and operations management will help your employees be more content with their work and increase talent retention. How? Other platforms will take care of chores that were previously done manually, such as machine maintenance, laborious reporting, and so on. (2022, Nexus Integra)

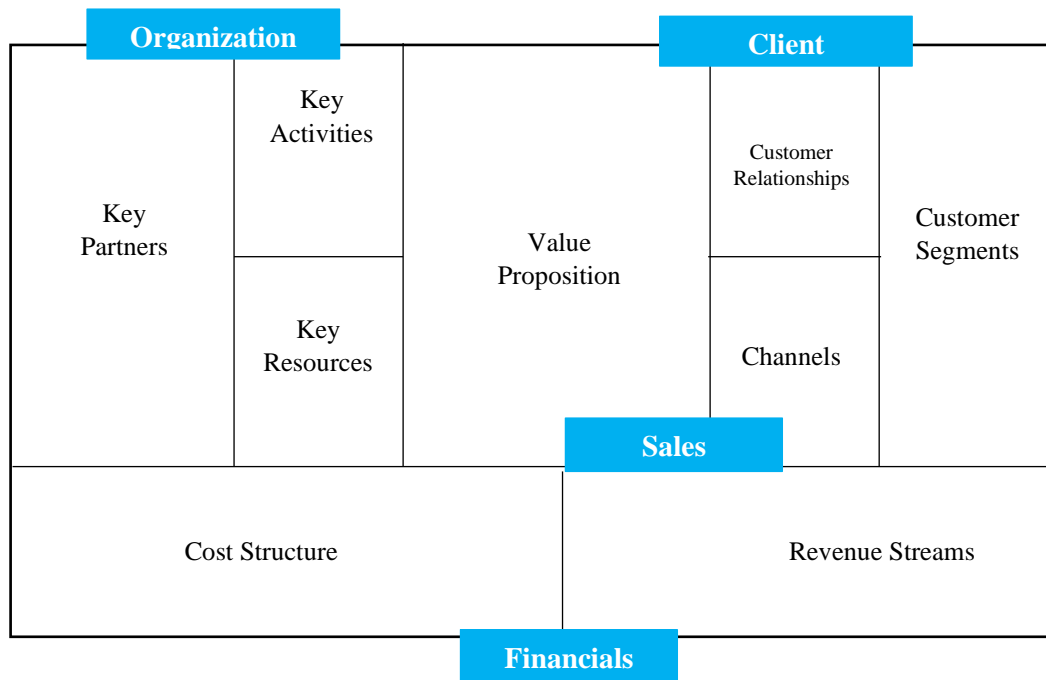
1.3 Business model Analysis

The definition of a business model is the subject of standard academic arguments, ranging from simple statements and dictionary definitions to philosophical visions. The most recent definition of the business model by (Canvanizer, 2019) theorizes it to be a way by which businesses create, maintain, or keep and deliver value important for the company and customer. A business model is incredibly important when it comes to running a profitable business in a specific market. A crucial part of the company model is the value proposition. (Kopp, 2020). A business model is a blueprint for a company's strategy for profiting from its product and customer base in a certain market. At its core, a business model typically explains the following: The product, the marketing strategies, expenses, and profit (Kriss, 2020). By combining customer (use) value and value creation with business (exchange) value and value capture, a business model provides an integrated view of an organization's value logic. A business model gives an integrated view of an organization's value logic by merging customer (use) value and value generation with business (exchange) value and value capture.

The broad variety of definitions according to (Kotarba, 2018), provides an interesting, multidimensional view of the core concept of a business model. However,

it is necessary to establish at least a general conceptual baseline of the analyzed phenomenon, with a foundation ontology and taxonomy, for practical objectives, whether corporate or academic (Kotarba, 2018). The most commonly used framework for business model analysis was proposed by (Osterwalder & Pigneur, 2010) in the form of a “business model canvas” (BMC) which was promoted via the strategyzer.com portal (Kotarba, 2018). The authors collaborated with 470 practitioners from 45 countries to compile a single picture of all key parts of a business model. The components of the generated "canvas" are as follows:

- Key partners
- Key activities
- Key resources
- Value proposition
- Customer relations
- Channels
- Customer segments
- Cost structure &
- Revenues (Osterwalder & Pigneur, 2010; Kotarba, 2018).



The

*Figure 1: Elements of the business model canvas of www.strategyzer.com
 (Source: (Kotarba, 2018) interpretation based on (Osterwalder & Pigneur, 2010))*

Items are loosely grouped into characteristics of the organization, client, sales, and financials; nevertheless, there is no integration or relationship between the pieces (Fig 1). The BMC's relative simplicity allows for quick and effective content capture during the process of identifying critical organizational components. Each area has a set of own, specific questions to be answered, for example, in “customer segments,” it is necessary to describe who the target of organizational value creation is, how we identify the most important customers, and how we segment our customer base. The process of filling out the canvas is expected to gather not only the explicit knowledge of operations and numbers but also, its tacit resources. It is the latter that provides valuable insights into what makes (or not) the model innovative, unique, and competitive. Several similar elements may be visible on the canvas created by several organizations, particularly at the industry level or between direct competitors in sophisticated markets. The sum of shared and exclusive elements provides a blueprint for the building blocks of a business model (Kotarba, 2018).

Organizations can use such a composite view to better understand their business morphology and analyze potential strategic adjustments (permanent or testable in a "champion-challenger" mode) such as adopting a new component, discontinuing, or limiting an existing one, or innovating beyond what is currently practiced on the market (Osterwalder & Pigneur, 2010). The BMC can be adopted to reflect the DT of the business model of an organization, supporting the primary goal of this research.

1.4 Digital Transformation of Business Models

Individual business model aspects, the overall business model, value-added chains, and the networking of different players in a value-added network are all part of the digital transformation of business models. The incremental/improving (Marginal) and/or dramatic (Fundamental) changes of a business model are included in the degree of digital transformation. The client is the primary reference unit, although a digital transformation can have an impact on the company's own business, partners, industries, and competitors. This phenomenon is called a digital disruption (Tatiana, Tatiana, & Natalia, 2019). The digital transformation of business models requires enablers(s) and technologies that are used to generate new applications or services (on-demand prediction), throughout the collection and exchange as well as the ability to analyze, calculate, and evaluate options. The evaluated options are then used to initiate/improve the organizations existing or new process within the business model (Philip, 2021).

As highlighted in (Stalmachova, Chinoracky, & Strenitzerova, 2022), digital transformation is an opportunity for growth, not a threat. Gaining new customers, lowering total expenses, increasing customer satisfaction, and improving the quality of existing products and services while developing new ones were the most prevalent reasons for adopting digital technologies. Most firms have established or are in the process of establishing digital intrusion teams as a result of new technology.

1.4.1 Roadmap to Digital Transformation of Business Models

(Schallmo, Christopher, & Luke, 2017) presented a roadmap in their study based on the presented approaches to DT and based on existing theories about business model

innovation see (Bendor-Samuel, 2017; Schallmo, 2016), the Roadmap for the DT of business models is explained as follows:

- a. **Digital Reality:** The existing business model of the organization is drawn in this phase, coupled with a value-added analysis of stakeholders and a survey of client requests. This gives this organization a better understanding of Digital Reality in various domains. 2017 (Schallmo, Christopher, and Luke)
- b. **Digital Ambition:** Based on the results from digital reality, the objectives of the digital transformation are defined. These objectives include the time, finances, space, and quality of the transformation. Digital Ambition proposes which goals should be considered for the company model and its components. After that, the objectives and aspects of the business model are prioritized. According to Gartner (2018), digital ambition "exceeds generating interest in and raising passion for digital business." It is a compass that points the way for digital business. As a result, the organization's digital ambition has an impact on its people, culture, technology, and competitive advantage. Digital ambition also gives CEOs a unified vision, allowing them to commit to and align with the digital transformation (Schallmo, Christopher, & Luke, 2017)
- c. **Digital Potential:** Within this Digital Potential phase, best practices and enablers for the DT are established. This serves as a starting point in terms of Digital Potential and the building of a future digital business model. Different possibilities are derived for each business model piece and rationally coupled for this aim. (Schallmo, Christopher, & Luke, 2017)
- d. **Digital Fit:** The Digital Fit phase examines digital business model design possibilities, which are compared to the existing business model to assess Digital Fit. This guarantees that client expectations are met and that corporate objectives are met. After that, the evaluated combinations are prioritized. The digital fitness of a company must fit with an expected digitalization level and speed of the environment (the market) which defines the requisite fitness (Kossowski, Lenz, Heumüller, & Richter, 2020)

e. **Digital Implementation:** The finalization and implementation of the digital business model are included in digital implementation. Within a digital implementation framework, many combinations of choices are pursued further. The design of a digital customer experience and a digital value-creation network, which explain integration with partners, are also included in the Digital Implementation. Also, resources and capabilities are identified in this phase.

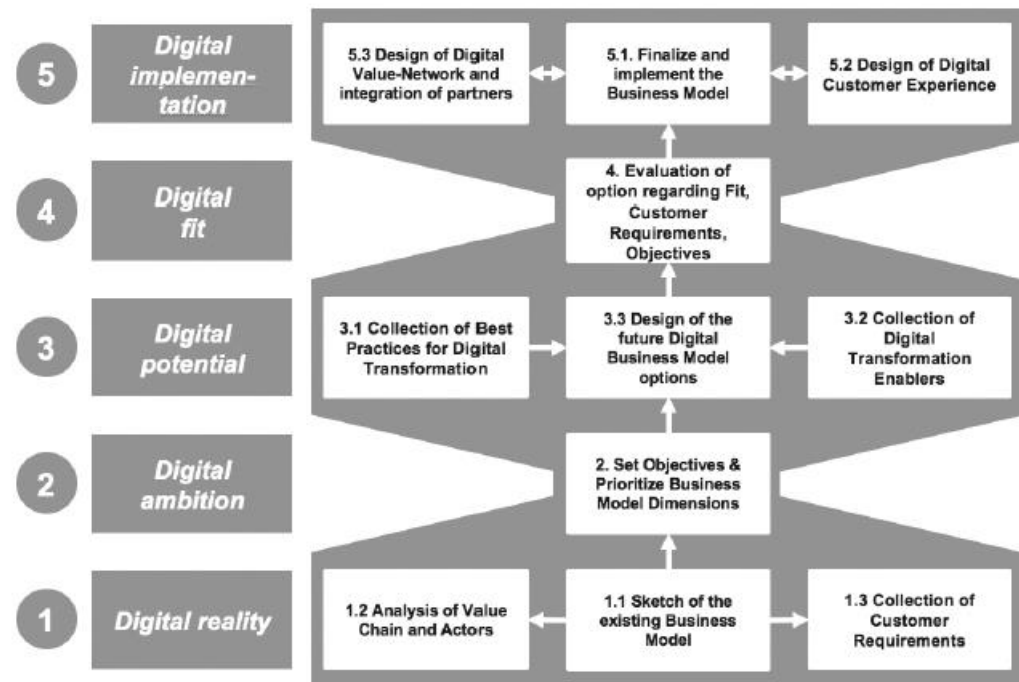


Figure 2: Roadmap to Digital Transformation of business model

(Source: (Schallmo, 2016))

1.4.2 Digital Transformation Enablers

Digital enablers are technological tools that can act as a catalyst for digital transformation by bringing technologies closer to the reality of companies and making it possible to implement them on a day-to-day basis. (Nexus Integra, 2022) Four categories for enablers and applications/services are detailed below (Schallmo, Christopher, & Luke, 2017).

a. **Digital Data:** The collecting, processing, and analysis of digitized data to make predictions and judgments easier and more accurate. Automation is a term that

refers to the use of traditional artificial intelligence technology to enable autonomous labor and self-organizing systems. This reduces error rates, increases speed, and makes it possible to reduce operating costs.

- b. Digital Customer Access: The mobile internet provides a direct connection to the client, allowing for greater transparency and new services.
- c. Networking: Using high-speed broadband telecommunications, mobile or wired networking of the full value-added chain enables for supply chain synchronization, which reduces manufacturing times and innovation cycles.

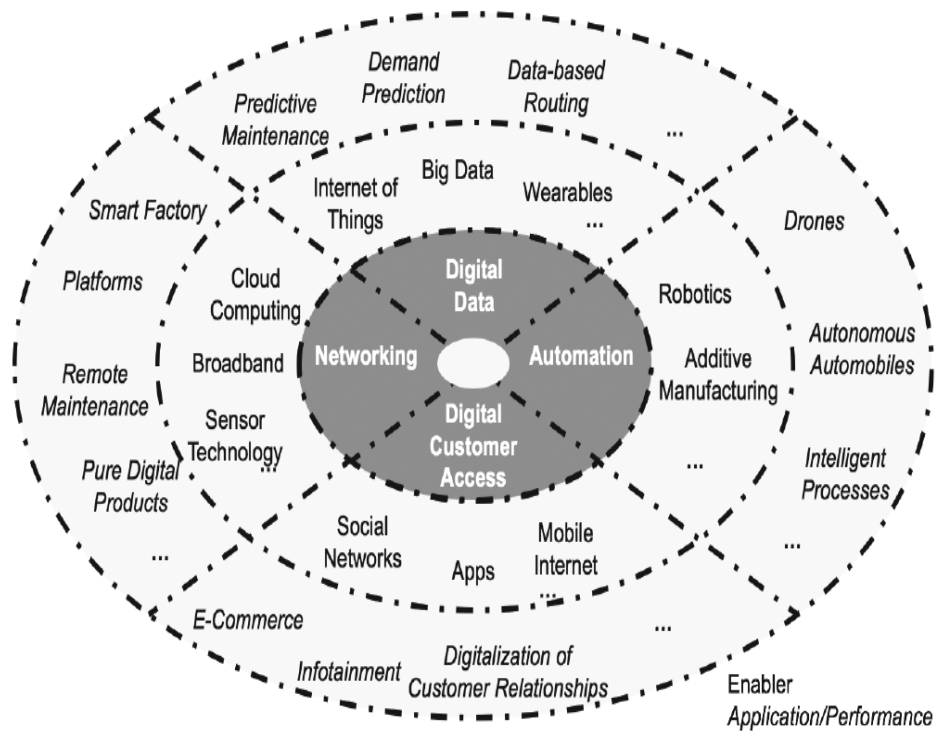


Figure 3. Digital radar with enablers and applications
 (Source: (Bouee & Schaible, 2015))

Digital transformation enablers bring with them the expected and sought-after optimization of company processes, to maintain and/or improve the quality and volume of outputs, increasing efficiency in all elements of the industrial value chain. From strategic processes to operational processes to support processes (Nexus Integra, 2022).

1.4.3 Types of Digital Enablers by area of specialization

When making a system of gears, each of the parts responsible for the movement is equivalent to the different actors in the building process that brings about change, while digital enablers function as a lubricant so that everything flows optimally. The following shows the various categories of digital enablers by area.

1 Digital facilitators for the physical-digital world's hybridization

a. Sensors and embedded systems

Enablers for the hybridization of the physical and digital worlds connect the two realms by acquiring data from the physical world or transforming digital data into a tangible element. For example, sensor technology is incorporated into how a machine operates, increasing its efficiency by providing real-time data of its usage, thus optimizing the process. (Nexus Integra, 2022)

b. Advanced robotics

Robots already make up a significant fraction of our lives, both at the domestic level in their simplest form and at their technical level, where they perform automated tasks. Advanced robotics takes it a step further by allowing robots and control systems to communicate in both directions.

2 Digital Enablers for Communications and Data Processing

c. Cybersecurity

Cybersecurity, the practice of protecting critical systems and sensitive information from digital attacks (IBM), in working with sensors, wearables, and other elements that transmits sensitive information to the management to be used to improve the business process, it is important to do so in a secured internet environment.

d. Connectivity and mobility

It is not only enough to transmit information, but also important for the data transmitted to be processed, hence, any information transmitted is rendered useless. processing this large data being transmitted by these sensors, wearables, etc., requires more storage and processing resources. It serves as a digital enabler for companies that relies on real-

time information obtained from sensors, wearables, and data transmitting elements, and it helps the company to be able to chart out their plan for processing the information they are going to be receiving.

e. Cloud computing

Cloud computing, commonly known as "cloud," is the usage of computer resources over the internet, such as database management, data storage, networking, software applications, servers, and artificial intelligence, rather than owning and maintaining those resources independently (IBM). It gives businesses the flexibility to use internet computing capabilities for storage and large-scale data processing without having to invest in their own IT infrastructure.

3 Digital Enabler for Intra-enterprise and Inter-enterprise Management

f. Business solutions

Business solutions digital enablers include software for Customer relationship management (CRM), Enterprise resource planning (ERP), etc. that helps to trace visibility on the actions that are conducted in the business strategy. The use of applications or business management systems is increasingly becoming popular in the management of customers, production processes, sales, accounting, supplies, etc. and although in the business scenario, business management systems, tools and software are not entirely new, they still maintain a genuine relevance and it becomes a not so compulsory but necessary action to adapt them so that they can integrate data from device and networks in a versatile and dynamic way. (Nexus Integra, 2022)

g. Intelligence and Control Solutions

In this aspect, software like Bigdata and analytics acquires special relevance as it allows the massive accumulation of data and its analysis in real-time, providing real-time information that is critical and valuable to decision making, optimizing processes, and increasing business intelligence. The possibility of intelligence and control solutions is due to the existence of systems that allow the integration and visualization of data, where the user can monitor, manage, and operate, in addition to obtaining predictive analysis to improve decision-making. (Nexus Integra, 2022)

1.5 The reasoning behind digital transformation: examples related to the digital transformation of the business model from before and after the COVID-19.

The health crisis, combined with the prevalence of telework and remote learning, provided a great illustration of digital transformation. Whether schools, universities, or training centers, teaching practices have drastically changed since 2020 (Lorène, 2021). These structures have had to undergo a sudden digital transformation to propose their offer, whether via video conferencing, the implementation of e-learning platforms, online shared work, etc. In France, the digitization of practices related to training has taken on a key role for training centers: they must now ensure a certain level of computerization of their offer to be QUALIOPFI certified (state certification allowing organizations to receive specific subsidies) (Lorène, 2021). The most well-known brands have a strong presence in the minds and eyes of consumers, as well as in what they see daily. Nike is an excellent example of digital transformation that has strongly impacted the brand and the business (Lorène, 2021). Nike has undertaken a significant digital transformation that includes everything from supply chain operations to the overhaul of its e-commerce strategy and branding:

- Ensure a better online customer experience
- Use consumer data more efficiently
- Create impactful partnership opportunities

Reasons behind the digital transformation could be different depending on the company's customer segments and industry (Shafinskiy, 2021). Most companies want to use digital transformation to improve the experience with their customers, this data was gotten from a study conducted by (Forrester Consulting, 2015), the majority of the respondents indicated that they wanted to improve “customer online experience, cross-channel customer experience, and improve the mobile experience”.

The main reasons that all companies go through the digital transformation are for improving key complexity in IT operations, and to improve their processes while at the same time improving their business processes (Robinson, 2019). Future-proofing

the business is also one of the key reasons for businesses to undergo a digital transformation. (Böringer, Grehan, Kiewell, Lehmitz, & Moser, 2019). Also, many companies that are undergoing a digital transformation or are planning to do it are starting to move towards ecosystems, which are often seen as ‘underpinning the value creation and capture of firms’ (Hanelt, Bohnsack, Marz, & Antunes Marante, 2020). In recent times, there was a move by companies from hierarchical supply chains and moving toward more fragmented networks of partnerships, and in terms of DT, we see businesses go towards digital business ecosystems, which previously were only interesting for information technology firms and software companies but is now becoming more connected to regular business models and increasingly relevant as digital technologies spread through different industries. Such ecosystems define a business environment as one that is “shaped by a network of interdependencies specifically generated through digital technologies (Kopalle, Kumar, & Subramaniam, 2020). One of the key factors of digital business ecosystems being distinctive is their turbulence, which can vary because of environmental changes in customer needs and technologies. This turbulence becomes apparent when there is a lot of competition, adoption of technologies and constantly changing customer choices (Hanelt, Bohnsack, Marz, & Antunes Marante, 2020).

1.6 Research Gap

After reviewing the situation concerning the digital transformation of business models due to the Covid-19 pandemic, it was revealed that there is limited research on how digital transformation can be useful for businesses in Russian firms, with better coverage of information in other regions, like Europe (Velthuisen, Yildirim, Kramer, & Schmidl). The lack of research in Russia could be because of a poor understanding of the topic. The research into the topic is usually more diverted into the implementation of the digital economy in Russia. The topic of implementing digital transformation in local businesses is more researched in the industry sphere, rather than the services sphere. Little to no research was conducted on researching the impact of digital transformation in Russian businesses especially after the Covid-19 pandemic,

in the context of the firm's performance, and the research on the factors that can help companies to achieve success is vague.

After conducting the literature review, the following research questions were formulated:

(RQ1): What is the effect of the COVID-19 pandemic on the digital transformation of business models?

(RQ2): What are the structured approaches to the digital transformation of business models?

The industry chosen for the research is event planning business, it could be said that the amount of innovation available for companies in this field is big, given the massive population control and stakeholder management they get involved in, bearing in mind that this industry is poorly covered by academics, this industry is deemed an acceptable choice for this thesis.

2 RESEARCH METHODOLOGY FOR THE DIGITAL TRANSFORMATION OF BUSINESS MODELS: OPPORTUNITIES AND LIMITATIONS OF TOOLS USED.

This study investigated the digital transformation of business models that have occurred due to the COVID-19 pandemic, with a focus on local businesses in Yekaterinburg, Russia. To reach the research's objectives, the researcher used a variety of approaches and processes. As stated earlier in the introduction part of this research, the method used is the Qualitative Research method, the secondary research was done through the analysis of internet sources and literature reviews, and as part of the primary research, a case study approach was used. The case study is to help gain a thorough understanding of the case and its context through interviews, observations, and analysis of primary and secondary sources of information (e.g., newspaper articles, photographs, official records) of the selected company of choice by the researcher.

2.1 Research design

The research design is an important element of any research paper, it focuses on the general method of data collection. For this research, a qualitative research strategy was used, and a qualitative research design is gathered in the form of in-depth interviews and structured literature reviews.

Qualitative research is written down. It is a tool for deciphering ideas, thoughts, and experiences. This form of research allows you to learn more about topics that are not well-understood. Interviews with open-ended inquiries, observations reported in words, and literature reviews that investigate concepts and theories are all common qualitative methods. (Streefkerk, 2019)

2.1.1 Data Collection method

Qualitative data can be collected using various methods. It is important to use a data collection method that will help answer the research question(s). Many data collection methods are available in both qualitative and quantitative formats. Your data can be represented as numbers (e.g., using rating scales or counting frequencies) or as

words in surveys, observations, or case studies (e.g., with open-ended questions or descriptions of what you observe). (Streefkerk, 2019)

Qualitative data collection methods include the following:

- **Interviews:** Asking open-ended questions verbally to respondents.
- **Focus groups:** A discussion among a group of people on a topic to gain opinions for future research.
- **Ethnography:** Observing culture and behavior in a community or organization for a long time.
- **Literature review:** Survey of published works by other authors.

The secondary research data was gotten through the analysis of existing literature, internet sources, and publications. The secondary data was mostly used to create a frame of reference for addressing the research questions and provide a framework for data collection and analysis. A thorough evaluation of current literature aids the researcher in identifying the research question and determining the way of publishing the study's findings.

The primary research data was obtained through a semi-formal interview with the Manager and employees of Ural Music Night, the company selected for the case study. This interview consisted of open-ended interview questions that allowed the participants to tell their stories in their own words. An interview is a source of valid and reliable data (Mark N.K, Philip, & Adrian, 2019). Interviews can range from highly controlled and standardized dialogues to fully unstructured conversations, with several positions in between. In the structured version, the researcher(s) use a standardized list of questions to gather data that is as quantitative and bias-free as possible (Yin R. K., 2009). Semi-structured interviews have a list of themes or questions that the researcher(s) intend to cover throughout the interview, but they still allow for a lot of flexibility and personalization. The sequence of the questions may be changed, and more questions may be added for clarification. In contrast, in-depth or unstructured

interviews are fully unstructured. They do not have a set format and are used to delve into a certain topic of inquiry (Mark N.K, Philip, & Adrian, 2019).

For the research, a semi-formal/structured interview protocol with probes and follow-up questions was developed. During the interview, the researcher takes on the role of listener and attempts to mitigate any researcher bias. For the goals of this research and as part of the primary research, the Russian company event organizing company “Production center Lad” will be considered for the case study while focusing on one of its various projects called the “Ural Music Night”, the interview process was intending to contact one of the events managers working at the company’s headquarters in Yekaterinburg, and with a semi-structured interview with one of the managers of this company “Ural music night”, the researcher was able to gather valuable information, which the manager obtained from other employees and managers of this company. Employees of the company conducted a brainstorming according to which their experience and suggestions regarding the changes in the company's business models were summed up. Given that majority of the information obtained by the employees of Ural music night was publicly available sources (articles, websites, and company annual reports), the claims were based on these sources. At the same time, the information provided by the project manager and employees was supplemented with the information that was obtained during the secondary research during which already mentioned articles, literature reviews, and the company's annual reports were analyzed in depth.

2.1.2 The case study approach

The case study method is particularly beneficial when an in-depth analysis or assessment of an issue, event, or phenomenon of interest is required. A case study is a research approach that is used to produce an in-depth understanding of a complicated topic in its real-life setting, according to (Crowe, et al., 2011). (Stake, 1995) defines a case study as both the process of learning about the case and the product of the learning. The general focus of the case study approach is the need to explore an event or issue

in-depth and in its realistic context, it is for this reason, the case study approach is sometimes referred to as a “naturalistic” design (Crowe, et al., 2011)

2.1.3 Limitations to using the case study approach and how it can be avoided.

The case study approach is well without its limitations, as case study research has in time past been criticized for lacking scientific accuracy and providing little basis for generalization (Crowe, et al., 2011) i.e., producing findings that may be interpreted as another (Yin R. , 2009). According to (Crowe, et al., 2011) there are several ways to address some of these limitations and issues in a case study approach. See table 1.

Table 2 Pitfalls/Limitations and mitigating actions when conducting case study research

Source: (Crowe, et al., 2011)

Potential Pitfall	Mitigating action
Selecting/conceptualizing the wrong case(s) results in a lack of theoretical generalizations	Developing a thorough understanding of theoretical and empirical literature, as well as supporting decisions taken
Obtaining vast amounts of facts that are irrelevant to the issue or are insufficient to be useful	Focus data collecting on study topics while remaining flexible and open to alternative possibilities.
Defining/bounding the case	Concentrate on components that are related (in terms of time and/or location) and be clear about what is not included in the case.
Lack of rigor	Triangulation, respondent validation, theoretical sampling, and transparency throughout the research

	process are all examples of good research practices.
Ethical issues	Anonymize appropriately as cases are often easily identifiable to insiders, informed consent of participants
Integration with a theoretical framework	Allow for unforeseen challenges to arise rather than forcing them to fit, test preliminary explanations, and be clear about epistemological attitudes ahead of time.

2.1.4 Types of case study

Stake's work has had a significant impact on the development of the case study method of scientific inquiry. He has been a major contributor to the characterization of the types of case studies amongst many other great scholars who have helped characterized the types of a case study also. Below is a table showing the several types of case studies, with the definition and cited examples.

Table 3 Definitions and Examples of Different Types of Case Studies

Source: (Baxter & Jack, 2008).

Case study type	Definition	Published study example
Explanatory	This form of case study would be used to address a question about the hypothesized causal relationships in real-world interventions that	Joia (2002). A case study in Brazil of a web-based e-commerce learning community. <i>Internet Research</i> , 12, 305-317.

	are too complex for survey or experimental methods to explain. The explanations would link program implementation to program effects in evaluation language (Yin R. , Case study research, 2003).	
Exploratory	This type of case study is designed to look at circumstances where the intervention being examined does not have a defined set of results (Yin R. , Case study research, 2003).	Lotzkar & Bottorff (2001). An observational study of how a nurse-patient relationship develops. Clinical Nursing Research, 10, 275-294.
Multiple-case studies	The researcher can investigate changes within and between cases using a multiple case study. The idea is to repeat the results in different circumstances. Because there will be comparisons, the instances must be carefully picked so that	Campbell & Ahrens (1998). Innovative community services for rape victims: An application of multiple case study methodology. American Journal of Community Psychology, 26, 537-571.

	<p>the researcher can forecast similar findings across cases or predict contrasting results based on a hypothesis (Yin R. , Case study research, 2003).</p>	
<p>Intrinsic</p>	<p>Stake (1995) uses the term intrinsic and proposes that when the goal is to better understand the issue, researchers who have a true interest in the subject should employ this technique. It is conducted not because the case reflects other cases or shows a particular trait or problem, but because the case itself is of interest in all its peculiarity and ordinariness. The goal is not to learn about some abstract concept or generic phenomenon. The goal is not to build</p>	<p>Hellström, Nolan, & Lundh (2005). “We do things together” A case study of “couplehood” in dementia. <i>Dementia</i>, 4(1), 7-22.</p>

	theory (though that is an option); instead, it is to build relationships (Stake, 1995).	
Instrumental	<p>Is employed for purposes other than comprehending a specific scenario. It elucidates a problem or aids in the development of a theory. The case is of secondary importance; it serves as a tool to aid our knowledge of something else. Because it aids the researcher in pursuing the external interest, the case is frequently examined in depth, its circumstances investigated, and its everyday activities documented. (“RDA Flashcards Quizlet”)</p> <p>The situation may or may not be considered typical.</p>	<p>Luck, Jackson, & Usher (2007). STAMP: Components of observed behavior in emergency rooms that signal the possibility of patient violence. <i>Journal of Advanced Nursing</i>, 59, 11-19.</p>

Collective	Multiple case studies and collective case studies are similar in nature and description (Yin R. , Case study research, 2003).	Scheib (2003). A collective case study of role stress in the professional life of a school music instructor. 51, 124-136 in Journal of Research in Music Education.
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There is a need to examine and understand the digital transformation of business models in businesses, especially after the Covid-19 pandemic. Providing a structured approach to this process will help lots of businesses looking to improve or change their business model because of the digital gap the pandemic has left in their company. To investigate the impact of COVID-19 on the digital transformation of Ural Music Night, the pros and cons, the changes it caused the company to make, and the improvements to the existing business model through digitization. For this research, the instrumental case study will be most appropriate to analyze the selected company. This case study method provides insight into the impacts of COVID-19 on the digital transformation of business models, it also helps to understand the structured approach to the digital transformation of the selected company, with which it becomes easy to identify which digital enabler is relevant to their digital transformation.

Qualitative data were analyzed using the management tool of the business model canvas (BMC), as the research focuses on the analysis of the business model of a selected company “Ural Music Night” before the pandemic, and after the pandemic. Here, the researcher through a semi-structured interview with the company manager will create a visual map of the company’s business model before the COVID-19 and after the COVID-19, hence, measuring the changes in the business model through digitization, by actively comparing the two-business models' canvas.

2.2 The business model canvas

A valuable tool for measuring how digital transformation has affected the business processes due to the COVID-19 pandemic is the BMC. The main goal of the BMC is to help businesses focus more on the business model of the company and not just the product it has to offer, and this in turn helps companies visualize and understand important areas of their business (Harvard Business Review, 2013). The BMC is an organized way to lay out assumptions about a business's value proposition, customer relationships, channels, customer segments, cost structures, and revenue streams (Harvard Business Review, 2015), and the overall BMC framework is divided into nine building blocks as shown in Figure 1.

Based on Figure 1, it is possible to characterize the individual parts (business blocks) from their center to the parts that “make” or “cost” money (Kotarba, 2018; Osterwalder & Pigneur, 2010).

- **Value Proposition:** This deals with the question “what problems do we solve, and how do we solve them,” it is the key block of the BMC or the mission of the business. It explains how the company's products and services will address consumer problems and what customers will gain because of using them. Knowing the value, a company can bring to its customers helps a company be easily distinguishable from its competitors.
- **Key Partners:** This answers the question “who do we need to work within order to produce and deliver the solution.” Other companies that will assist a corporation in running its business and minimizing risks are known as key partners. These could be vendors or business partners.
- **Key Activities:** "What are the steps we need to take to create and deploy our solution?" These are activities that make businesses a reality. By knowing which key activities are essential, companies can easily predict and understand what added value they offer to their customers.
- **Key Resources:** Key resources are major materials that serve the company to conduct its specific activity, it answers the question “what do we need to have

to produce and deliver our solution.” A company’s key resources can be categorized into four groups (Stalmachova, Chinoracky, & Strenitzerova, 2022).

- Physical (Buildings, equipment),
 - Intellectual (Know-how, patents, knowledge),
 - Financial (Funds and Sources of Income), &
 - Human Resources (Employees and external partners).
- **Customer Relations:** Customer relations defines how a company builds a long-term customer relationship; it features how a company talks to the market about the solutions they have. It is necessary to segment current or potential customers into different target groups, each segment having its own needs, it is, therefore, imperative to forecast the needs of each target group of customers and fulfilling them.
 - **Channels:** They define how a product or service will reach customers, and most importantly, where will the customers locate the business. It is essential to know this because distribution channels affect a large part of the company’s organizational structure.
 - **Market and Customer Segments:** This allows companies to divide customers according to the value they bring to the company. In this block, the company determines who needs their solution, and how many people need the solution right now or in the future. Based on these segmentations, products can be adapted according to the needs of different customer segments. Greater customer satisfaction can truly be achieved, which in turn, can lead to a better value proposition. Good customer relations, knowledge about customers' specific needs and wants, and optimization of distribution and communication channels can be a source of income for companies.
 - **Cost structure:** Helps the companies gain financial health overview, companies know how much the key activities, resources, and partner’s cost.
 - **Revenue streams:** This provides a proper inside into a company’s revenue models. It answers the primary questions that companies face, i.e., how many

customers does a company need on an annual basis to generate profit? And how much does it need to generate to gain a profit?

3 RESULTS AND DISCUSSION

In this chapter, the findings during the data collection are reviewed, analyzed, and discussed using the instruments and frameworks for answering the thesis research questions. The findings are divided into three groups, each with a concise discussion of the research questions formulated in the thesis. As earlier stated, the business model canvas by (Osterwalder & Pigneur, 2010) was used to analyze the business model of the company.

3.1 Impact of the COVID-19 pandemic on digital transformation

For most companies, it is important to understand how digital transformation works, its advantages and disadvantages, and then it becomes imperative to quickly adapt to any challenges that may occur during the transformation process. A survey was conducted for this sole purpose, to understand the global impact of the Covid-19 pandemic on the digital transformation of enterprises around the world. This survey consisted of enterprise decision-makers, and it had over 2500 respondents, and the question was “has the Covid-19 pandemic sped up their enterprise digital transformation”. This survey was carried out by (Sava J. A., Global COVID-19 impact on digital transformation tempo 2020, 2022), as the result illustrated in Figure 4, 97 percent of the respondents indicated that the outbreak of the COVID-19 pandemic sped up digital transformation processes in their organizations. As the pandemic forced many businesses and organizations to organize for employees to work from home, 68 percent of these respondents stated that the COVID-19 pandemic sped up a great deal in their organization, as it was needed to keep up with the sudden surge in the demand for remote work.

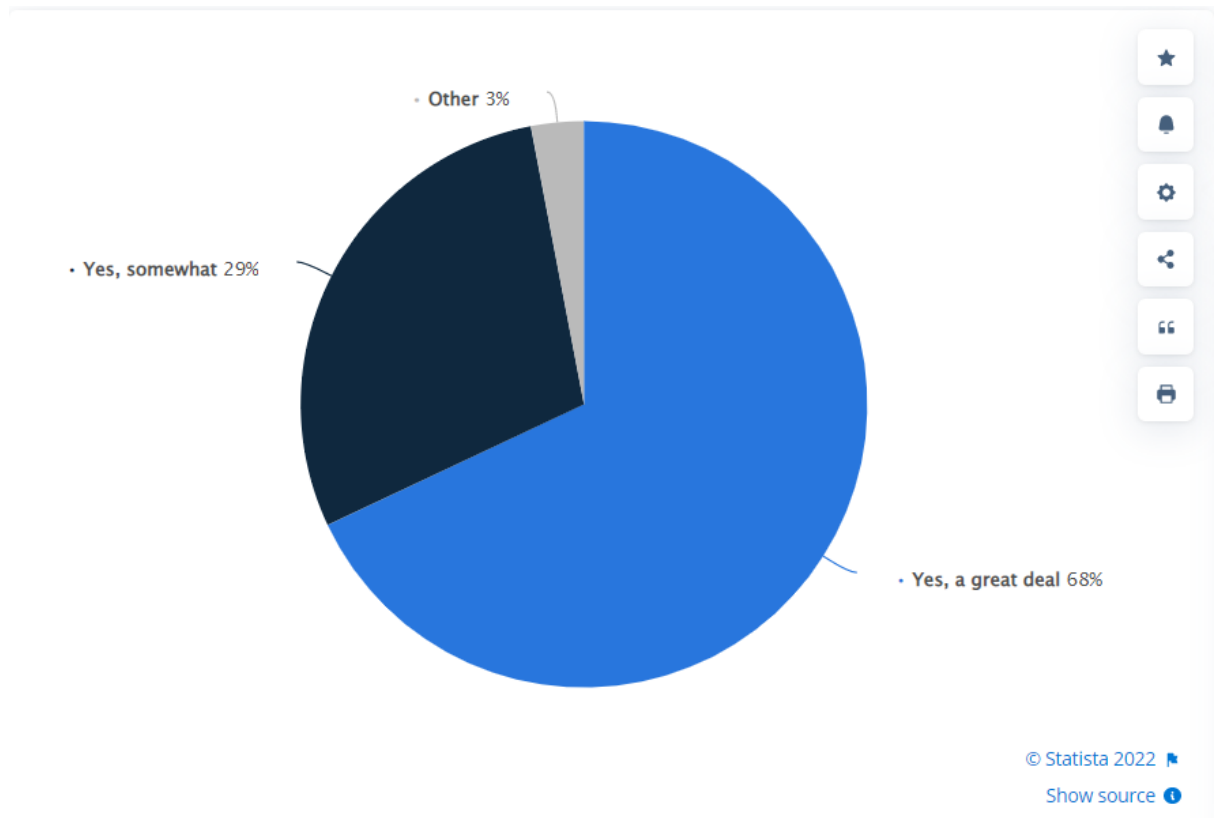


Figure 4: Global COVID-19 impact on digital transformation tempo 2020

Source: (Sava J. A., Global COVID-19 impact on digital transformation tempo 2020, 2022)

In 2020, total worldwide spending on digital transformation had reached a sum of 1.3 trillion U.S. dollars (Statista Research Department, 2022), with a growth potential of 10.4 percent year-on-year basis, this is despite the economic recession caused by the COVID-19 pandemic. In other to influence the company’s fate in this time of economic difficulty, more businesses started focusing on increasing operational efficiency and improved customer experience, this is so that they can stay relevant in the changing business environment. During the pandemic, more than half of consumer interactions and companies' products and services were digitized, compared to only a third immediately before the pandemic. (Statista Research Department, 2022).

According to research (Statista Research Department, 2022), Russia’s gross domestic product lost around 3 percent in 2020 and rose by an estimated value of 4.7 percent in 2021. Due to the Covid-19, the population’s real disposable income had

reduced, and one-half of the Russian companies faced interruptions in the work with and for their contractors and customers alike. The survey conducted by (Statista, 2020) indicates that was the most critical problem that most companies can identify with during the pandemic. Forty-three percent of the surveyed businesses reported a sharp decrease in demand to be one of their significant issues during the crisis.

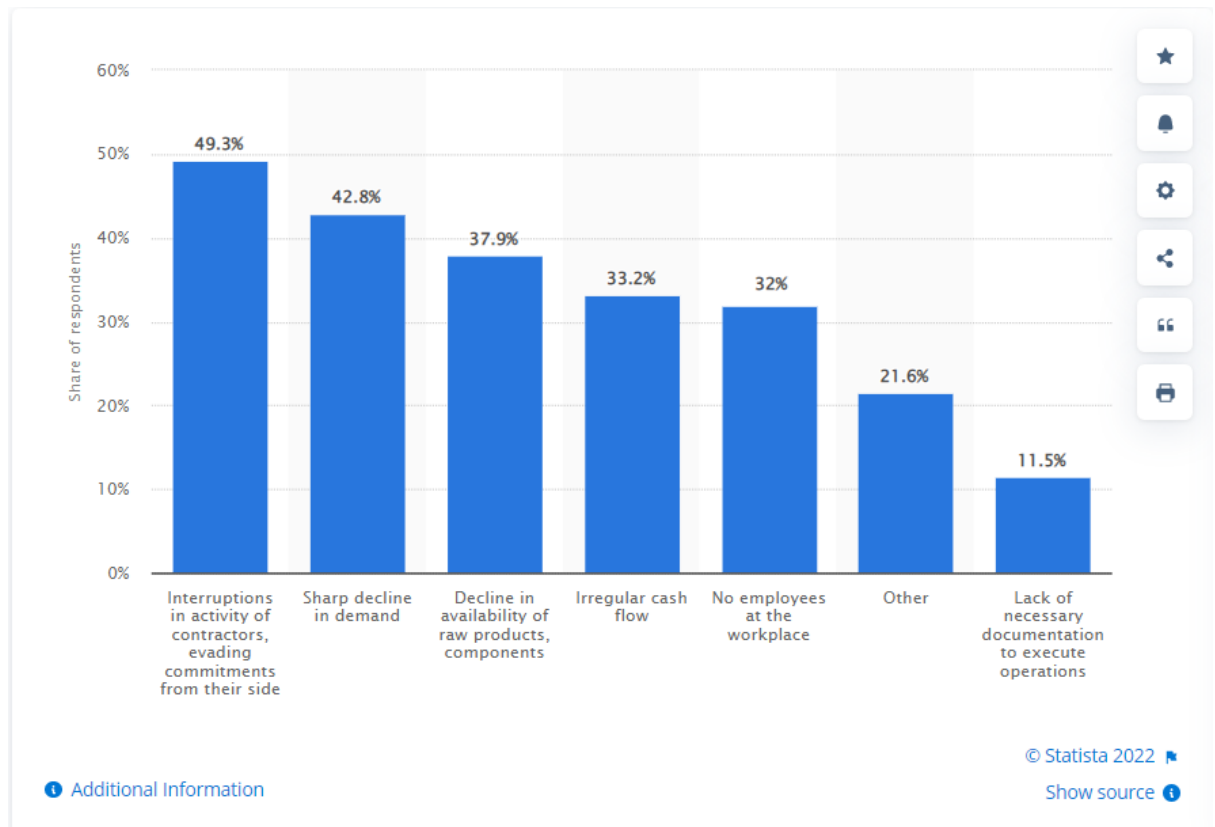
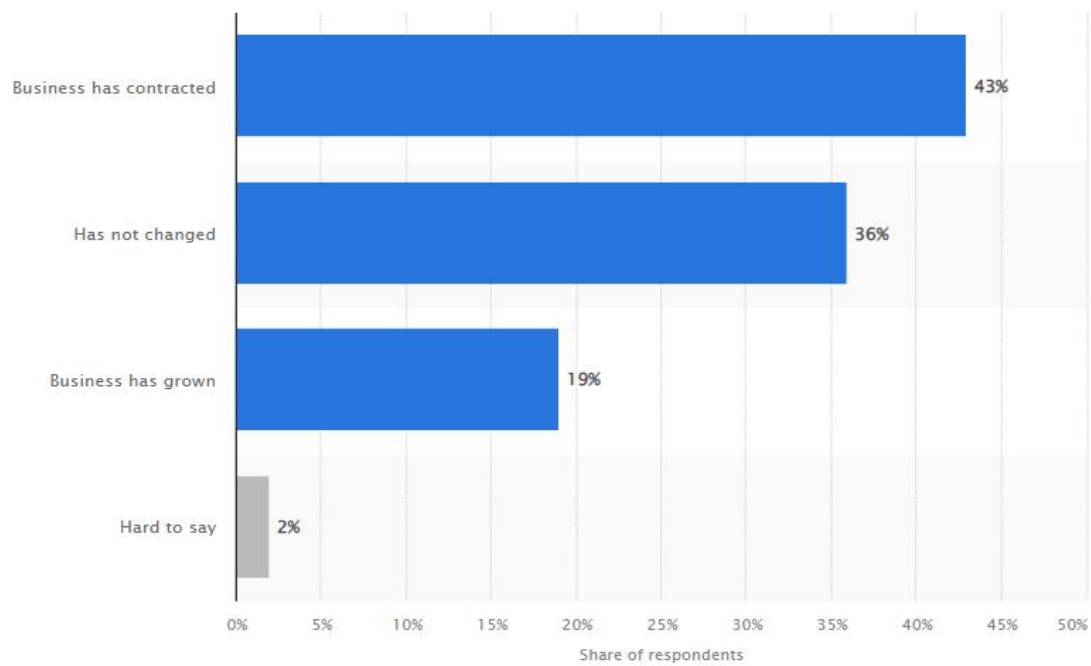


Figure 5 :Major problems of companies due to COVID-19 in Russia 2020

Source: (Statista, 2020)

In a survey consisting of the top managers of companies operating in Russia, over 40 percent of European businesses resident in Russia reported a decline in sales due to the lack of mediums to connect with customers or make sales, while in this same survey, a company that has fully gone through the digital transformation process recorded sales growth because of the pandemic.

This survey further ratifies the urgency of digital transformation for businesses and companies, it goes to prove the benefits of digitization as compared to the latter,



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Figure 6 . COVID-19 impact on European companies in Russia 2021

Source: (Statista Research Department, 2022)

Furthermore, in order to get the full effect of the impact of Covid-19 on digital transformation, this research will not be complete without the actual comparison of the impacts discussed above with the rest of the world. Hence, the study conducted by Twillo, 2020, with 2569 respondents. Enterprise decision-makers, directors, and above in corporate communications, customer experience, customer or technical support, data analytics, or business intelligence participated in this survey. The research question is “Has the Covid-19 pandemic sped up digital transformation in their organization”. This study was specific to countries like (Germany, Australia, Singapore, France, Italy, the U.K, the U.S, Japan, and Spain). In response to the global pandemic. Seventy-eight percent of the German respondents say that their organizations accelerated digital transformation by a great deal, and the same applies to other countries, with the least percentage being Spain at 68%. (Sava A. J., 2022)

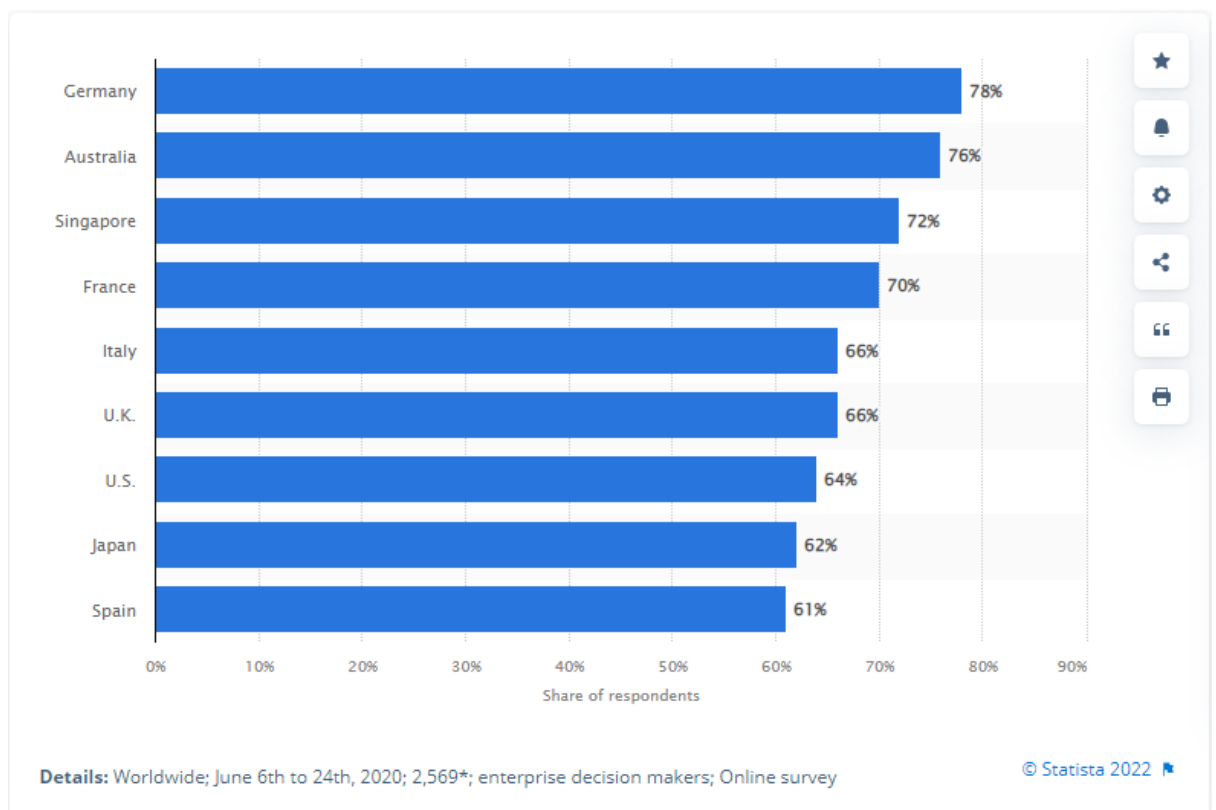


Figure 7 : Global impact on digital transformation speed due to COVID-19 2020, by country

Source: (Sava A. J., 2022)

It is also important to examine the increase in organization expenditure because of the digital transformation of their business model due to the Covid-19. This study examined the increase in spending on IT infrastructure because of the digital transformation that the Covid-19 has brought with it. And from a survey consisting of 260 senior executives in more than six countries, a sizable percentage of the respondents in this global survey stated that information technology infrastructure and information security are the most valuable information technology budget allocations for the year 2021. (Sava J. A., 2022). Organizations require information technology infrastructure because its technological components contribute to and drive business processes. In the context of the pandemic, many organizations spend the largest share on information technology infrastructure to ensure that they can operate properly as many employees work remotely. See figure 8 below.

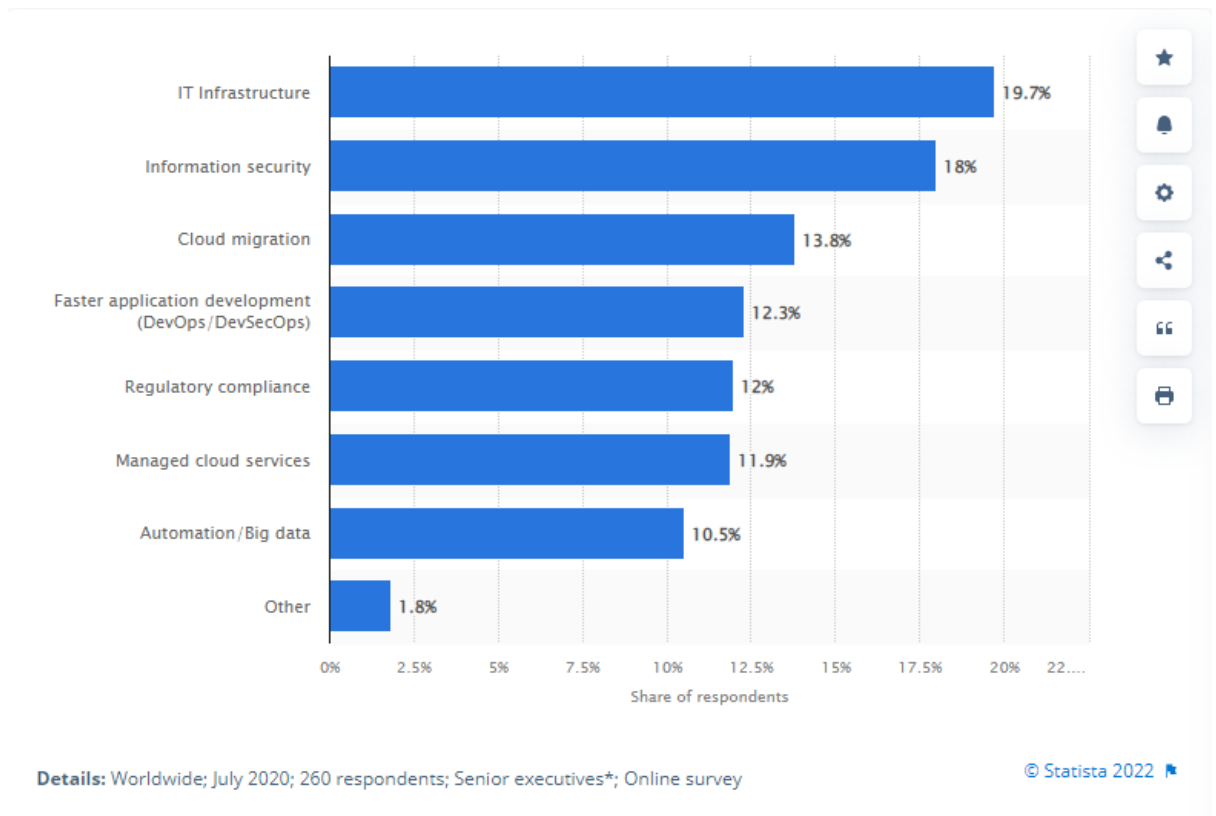


Figure 8. Global COVID-19 impact on IT expenditure 2021, by category

Source: (Sava J. A., 2022)

One of the major impacts the Covid-19 has had on the digital transformation of businesses globally is to change organizations' business priorities and shift focus to the necessary business models needed to keep the company running. Business initiatives and priorities will be shifted towards the change of business model, according to the study by Statista, 2020, in a survey consisting of 414 CIOs “Chief information officers” from companies all over the world, through an email survey, was determined that most companies focused more on increasing the operational efficiency of the company and transform its existing business processes, thus improving customer experience. These three top objectives are all geared toward increasing customer experience with the company before any other priority comes into action.

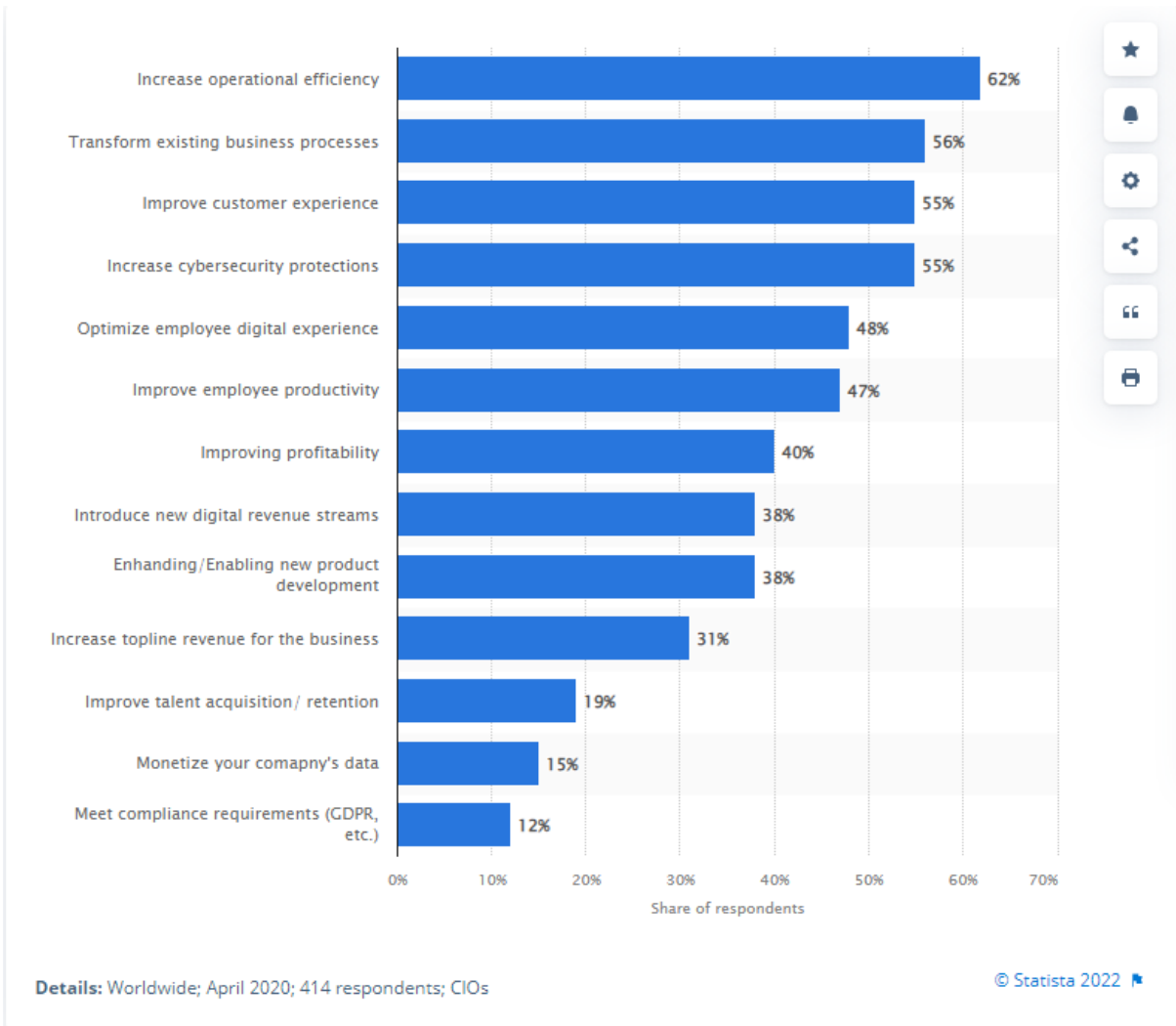


Figure 9. The impact of the COVID-19 pandemic on organizations' business priorities 2020

Source: (Sava A. J., 2022)

Following the pandemic, corporate leaders rapidly realized they needed to adapt the way their companies operated, especially with the development of remote workers. Existing business processes and even formal models had to be adapted to a new formal one, where most of the company operations now happened virtually. In the implementation of digital transformation, companies can expect to experience some loss of momentum at various stages in the process, due to the complicated process involved in the digitization of companies' business models. The operational changes influenced by the pandemic happened when most companies were actively in ambitious digital transformation programs in their customer segment, production

segment, accounting segment, and all key areas of the business model. In this thesis, the researcher through structured theoretical analysis, examined significant impacts, both positive and negative that Covid-19 has had on the state of digital transformation for businesses, and the impacts include the following.

1. An increased pace of digital transformation implementation

With the Covid-19 restrictions in place, most organizations recognized the significant need for employees working remotely, this created an increased demand for the implementation of digital transformation systems on IT managers and technical staff, such as advanced e-commerce platforms and supply chain systems, to improve the firm's ability to deploy customer-friendly applications, with increased security and reliability of their supply chains.

2. Temporary deferral of digital transformation initiatives

Due to the increased number of remote workers as mentioned earlier, the number of on-demand information resources also increased, this is quite relatable in the real world, as more priority was placed on the information resources available to the companies' remote workers, thus delaying the scheduled deployment of the other technology rollouts by IT managers. These information resources included VPN access, increased network bandwidth, etc.

3. Increased use of customer-friendly apps to meet customer expectations

While the employees are confined to work remotely, the same could be said of the customers of the business due to the pandemic quarantine requirements, business leaders had to ensure also place attention on the customers dealing with the firm by deploying the customer-friendly systems and applications, and as for the companies that had this system in place, due to the change in the narrative of the pandemic situation ensured to update/remodel their customer-friendly systems and applications in such a way that makes it, even easier for the customer to reach the firms and conduct business. This process was done by companies in order to minimize the likelihood of customers both existing and prospective switching to another service provider/website.

For most firms installing e-commerce platforms, creating a one-stop buying experience has become a primary priority. (Kirvan, 2021).

4. Enhancement of security access for remote workers.

With the increased number of remote workers, the organization's potential vulnerability to cyber-attacks also increased overnight. not only did the employees need the right access security, but the threat increased for employees using personal laptops and smartphones to connect to the company network. This created a challenge and a deadline for the IT department to develop, test, install and package approved security software for remote employees in order to reduce the vulnerability level. And until those fixes were installed, the company is prone to attacks and hacks at any time.

5. Increased inter-departmental collaboration in companies.

With the hefty sum of employees now working remotely, the human resources faced new challenges, including the sustained improvement of employee interaction even without the physical, in-person contact and potential increases in stress because of working remotely. There was also an increased need for e-learning to ensure employees are still connected to the company and its culture. Human resources collaboration with IT became essential for ensuring that employees had the most positive work experience possible.

6. Increased dependence on Artificial Intelligence

AI and machine learning contribute massively to the digital transformation process of the company. Artificial intelligence (AI) can improve a company's ability to evaluate data from modern e-commerce platforms and give a better consumer experience, boosting its competitive advantage. Looking ahead, better ways of doing business are needed at any point in time, they are necessary for the sustained growth of a business, however, in times of great challenges, in a world driven by technology today, company leaders and business owners must choose, whether they will rise to the wave, or be pushed (or worst still, crushed) by it.

3.2 LAD Production's business models today

Producer Center Lad LLC is a fresh look at the cultural, business, and sports life of the city of Yekaterinburg. HRC "Lad" is one of the most experienced and professional organizations in Yekaterinburg for the preparation and holding of large-scale cultural events. During the work of the Human Rights Center "Lad" enlisted the support of the expert community of Yekaterinburg in the socio-cultural sphere, as well as the Administration of the city and the Government of the region in the status of the initiator of the grandiose music festival Ural Night of Music. The staff of the HRC "Lad" has experience in preparing and holding large-scale cultural events: the international festival "Old New Rock" since 2000, the international festival "Old New Rock. ON THE WAVE" since 2005, the e-set open-air electronic music festival since 2011, bike-rock run in several regions of the Ural region "Along the Ridge" in 2013, the festival "Ural Night of Music - Ural Music Night" in 2015, 2016 and 2017. (Timepad). This study is only focused on the project "Ural Music Night to identify how the Covid-19 pandemic has impacted the project, and how the project has changed/improved its business mode due to the Covid-19 pandemic through digitization. It is important to note that the staffs in charge of organizing this project "Ural music night" are all employees of the Producer Center Lad LLC.

Ural Music Night is an international multi-genre music festival in Yekaterinburg, which takes place over one night at the end of June. This is the night when Yekaterinburg becomes one big concert venue. Music of all genres and styles plays from stages on water, on land, and in the air - on squares and rooftops, in dozens of bars and cafes, on the steps of theaters, in libraries and squares, from hotel windows, and the balcony of the Opera. The festival has been held since 2015. In 2019, it was visited by 300,000 guests, and more than 2,500 musicians performed at one hundred music venues (Ural Music Night, 2015).

This company was picked for several reasons:

1. The company's size ideally suits the Russian law definition of an Entertainment Industry. The company has around fifty employees and engages in entertainment activities including festivals, music, television, etc.
2. Based on the preliminary research of the company and the industry, the COVID-19 lockdown had severely affected the operations of the company and its clients, and based on the literature review on this topic, companies of such nature can have big impacts after a digital transformation.
3. The company is the leader in the industry by revenues, and volume of yearly visitors, according to the company's insider data. This was confirmed by the interviewed supplier's data.
4. The uniqueness of the value proposition, in combination with the above-mentioned factors, makes the case for the company a good decision.

The business model canvas for the company at the time of this research existed only on paper and without a visual representation. The information collected from interviews helped in the creation of the visual representation of this business model. While the company manages a lot of events under its names, only one business model exists to better serve the specific needs of its consumers/customers.

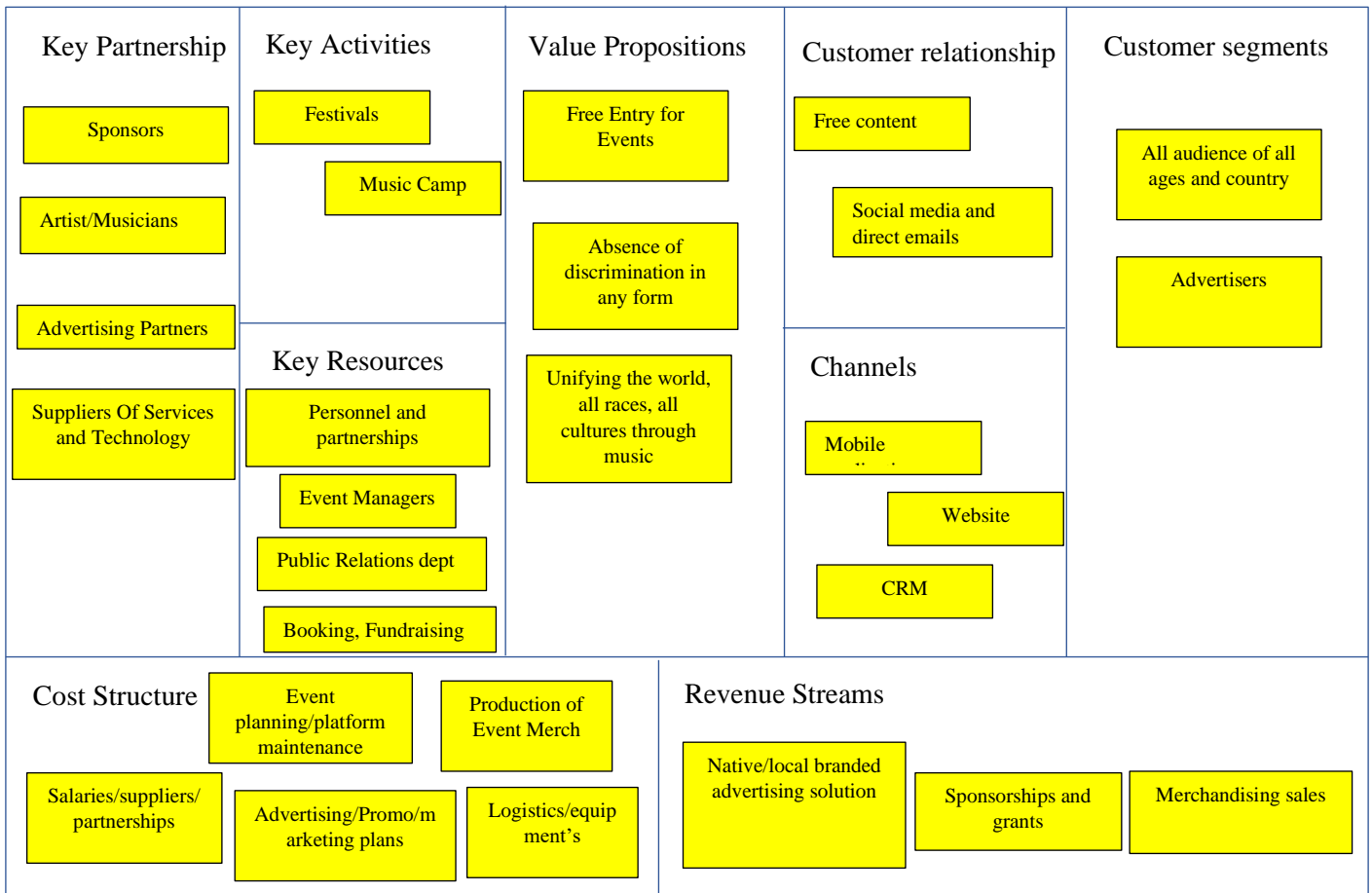


Figure 10. LAD Production's business model

Source: Own Research, Larger version in Appendix 1

The discussion of the business model structured into the BMC (Osterwalder & Pigneur, 2010) will begin with the business model that exists before the digital transformation took place, as earlier stated, this business model canvas was created from the information gathered through the semi-formal interview that was carried out, as no existing visual representation of a business model canvas existed as at the time of this research.

In the business model canvas, distinct colors were used to differentiate the separate elements of the canvas. The yellow color was used for boxes that required no change even after the Covid-19 pandemic, the green was used for boxes that required monitored and structured adjustment after the increased pressure from the Covid-19 pandemic, and the blue boxes indicated a complete or total change to the business model after the Covid-19 pandemic through digitization.

The Key partnership section contains a wide variety of suppliers of service and technology that helps in providing equipment for the company's events and festivals, it also collaborates with advertising partners to create effective advertising content for the events of the company. The sponsors and artists are the key partners in this block, the event sponsors are an effective way of increasing the brand awareness and visibility through the events organized by the company, and the artist or musicians invited to participate in these events becomes unsolicited content creators for these brands, these contents can be curated and re-distributed in limitless ways via the internet, thus increasing the marketability of the brands being represented.

As far as the customer segments are concerned, Lad production through its events, attracts approximately one hundred thousand unique monthly visitors in the city of Ekaterinburg yearly, since the year 2015, it does not give age discrimination or country discrimination, since one of its value propositions is to unify the world through music. Lad productions orientate advertisers, through its advertising tools, which provide native advertising and traditional advertising solutions.

Regarding the key activities of the company, Lad production is an event management company, which creates, hosts, and manages events in the city of Ekaterinburg, also the company provides a camp experience for musicians, and in this camp, musicians get to talk about personal experience, get to learn about music, this camp is also for individuals that are looking to learn from these musicians.

Customer relationships of the company were described by the director as "Caring"; it provides free content to its customers, the company interacts with them through many social media accounts, this content cements the relationship with fans of musicians or audience, it supplies information on the event, about the invited musicians, routes to take, how to avoid the traffic and generally just caters for the audience. It also allows clients to communicate with it via email and the internet.

The basic channel, through which Lad production communicates with its audience/customers, is firstly the website <https://uralmusicnight.ru/en>, secondly

through the websites of music magazines for advertisements, and their mobile applications too. Finally, yet importantly, Lad productions PR team communicates directly with the brands that wish to be advertised.

All the blocks mentioned above should be estimated at the cost structure of the company. The cost structure of the company comprises salaries to personnel, material and equipment costs for the festival and other events, advertising, logistics costs, and production of merchandise for the event. The company also incurs operating expenses to host some of the events, such as rent and maintenance of buildings, equipment, etc.

The main revenue stream in this business model is from sponsorship and grants because almost no additional revenue is made by any other operations. The director of the company commented on the merchandising sales and its low revenue yield, as well as the advertising solutions. However, the brands that want to be advertised are willing to pay for digitally advertising solutions from the company through the events and festivals.

Finally, to examine the value propositions part of the business model. This is the most important characteristic of the model; it shows what value the company is delivering and what makes its services unique. For Lad productions, it was determined through the interview, that the value proposition consists of the following elements:

- Free entry for all the events: Most events or musical festivals being organized around the world involves the purchase of a ticket; however, the company has managed to eliminate this status quo from the event planning companies. All and every event organized by this company is free and it reduces the pressure to spend a lot of money on the part of the audience/customers.
- Absence of discrimination in any form: The events are free of racial discrimination, in terms of race, religion, culture, background, and color. This company opens its gates to all to come to the music festivals. No country barrier, as the festival itself, features music from all kinds of genres and cultures.

- Unifying the world through music: Lad production one day, would love to unify the entire world through music, from the results of the interview, the director commented on the need for unity in the world, and the abolishment of stereotype but embracing the difference that exists in the people around us, this can be done through music, and this gives the company a goal in the long-term event.

3.3 Lad Production's business model after implementing a digital initiative

Considering findings concerning the company's business model before the pandemic, figure 8, provides information on which business model of Lad production has undergone changes or improvements caused by digital transformation. Key changes are highlighted in blue, while slight adjustments are highlighted in green. The main elements that have changed in the business model because of the digital transformation and Covid-19 are the customer relationship and the key activities, some elements were also changed and reflected on the business model canvas, e.g., Key activities, Partners, Cost structure, and the revenue stream, but some of these changes were not due to digital transformation, but more of a Covid-19 on the business itself and its operations.

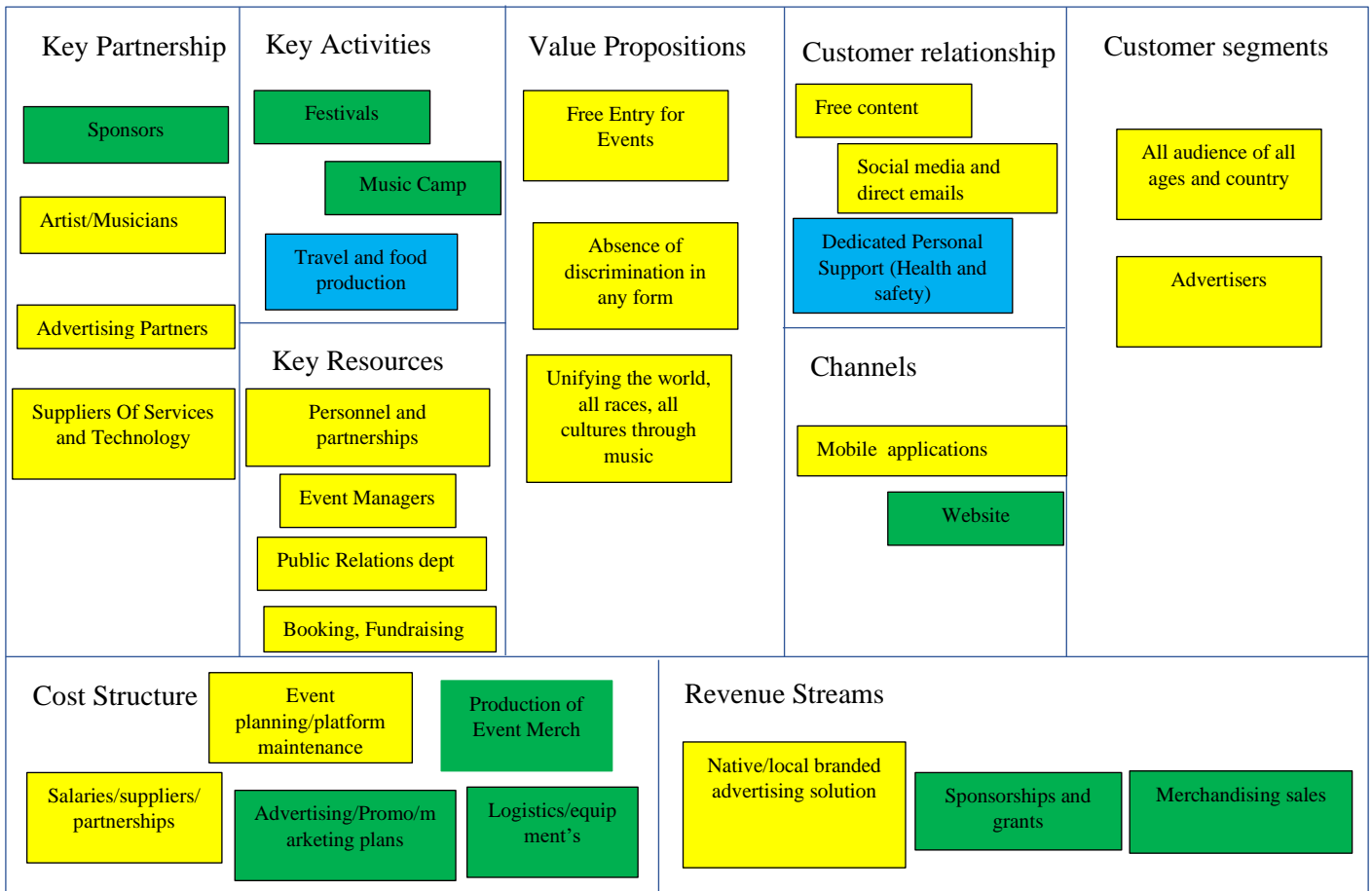


Figure 11. LAD Production's business model After the Digital Transformation Process and Covid-19

Source: Own Research, Larger Version in Appendix 2

The sponsor aspect under the key partnership was increased during the Covid-19 pandemic for Lad productions, this was because most of the process had gone online due to the Covid-19, and more companies wanted to take advantage of the online space and take part in the advertisement solutions Lad productions were offering. However, the increase in sponsorship did not mean an increase in the revenue streams for the company, as that part was negatively affected. The major project of Lad production, namely “Ural music night” started in 2015, with a record attendance of seventy thousand guests. (Ural Music Night, 2015), it proceeded to even surpass this number in 2017 when it recorded 150 thousand guests in attendance, the growth rate of the guests and audience in attendance has been consistently increasing with two hundred thousand guests and three hundred thousand guests in 2018 and 2019, respectively.

During the Covid period, these numbers were depleted, as the event recorded an all-time low of fifty thousand guests in attendance in 2021. With this irregularity of these numbers, sponsorship and grants started to decrease as key sponsors began to repurpose the amount intended for the event under the assumption “Not enough guests will be in attendance, and so we cannot give what has been planned for.”

The key activities of the company also suffered a major hit as some events had to be canceled, however, due to the digital transformation of the company, the company directors, with the aid of social media for meetings, and videos, the company was able to add a new key activity to their business model, which is highlighted in blue under the key activities. The travel and food production started in 2021, with the help of the company's IT managers, implementing a live stream feed on their website and mobile app, but before this, the website and mobile app had to be updated for this function, which serves as an improvement in the company’s channels of communication to the customers and guests.

Consequently, the cost structure was also adjusted to reflect the needed investments into IT services, logistics, and advertising. And so, logistics and IT now contributes in a major way to the cost structure. It is noteworthy to notice that there was a decrease in spending on the advertisement, promo, marketing, and production of merchandise, because of the low turnout of people for the major event organized. Customer relationships are also adapted to reflect the changes, a new activity in the customer relationship was added to the business model due to the Covid-19 pandemic, called the dedicated personal support (Health and safety), in form of a personal support line for the guest in attendance, in case of any emergency, dehydration or health safety, this relationship created a value for the guests to know that, someone is thinking of their safety while in this event. The customer relationship due to digital transformation is now geared toward online interactions as one of the main methods of working with relationships.

Summing up the findings from the interview on the business model, the digital transformation initiative that was rolled out before the Covid-19 pandemic, during, and

after the pandemic in Lad productions has changed the business model in some ways, by expanding it on existing blocks and improving the value proposition for different segments of the business model, the business models that are currently in use and the models in proposition has the potential to improve the business as a whole, and positively impact how the business conducts its operations in the event management field.

3.4 LAD production, A structured approach to the digital transformation of business models

According to McKinsey’s research (Bucy, Finlayson, Kelly, & Moye, 2016), 70 percent of large-scale transformation programs fail. Resistance to change, a lack of leadership, and poor cross-functional teamwork are all common issues. By outlining a path to success, a framework can assist businesses in avoiding these problems. It establishes a shared business strategy so that employees and executives do not wander from their objectives in the face of changing business situations. Through a structured literature review, it was discovered that most businesses consider the “how and what” of digital transformation, as highlighted in (Kotarba, 2018).

In a continually changing competitive business scene, a digital transformation framework is a blueprint of what digital strategies should lead your business process, goods, and services. This study provides a reference point and root of digital transformation projects for businesses, to improve business digitization by identifying the goals of digitization.



Figure 12 : Digital Transformation Framework

Source: (Dilmegani, 2022), Revised by Own Research

The digital transformation framework by (Dilmegani, 2022) would be used to explain the necessary steps for the digitization of the business process. This framework was selected for this study because of its simplicity, and it stands to be the most updated framework when it comes to digital transformation. Although it was originally published in 2019, it still stands as the most updated framework due to recent updates.

A. Identify digital transformation objectives

Let us start with the organization's digital transformation objectives. Most digital transformation projects aim to improve customer experience and profitability, either through better pricing or increased operational efficiency. Depending on your company's industry, size, market share, and other features, different digital transformation goals might be created or prioritized.

- **Digitizing products & services:**

According to surveys, a company's customer experience accounts for two-thirds of its competitive advantage. As a result, to acquire a competitive advantage, businesses must supply clients with innovative products and services. End users value both the user experience and the pricing of the product, therefore B2C organizations in the retail, insurance, and banking industries must focus on a customer-centric approach.

- **Optimizing processes:**

Manufacturing, insurance, marketing, HR, and finance departments, for example, all have a sequence of repeatable processes. Internal cooperation and enhanced employee performance, greater automation rate in repetitive procedures, improved manufacturing output, and other benefits of digital transformation are achieved using digital tools. Some business goals that can be achieved because of these initiatives include:

- Cost optimization
- Improved compliance
- Increased revenue from higher-quality products or more customized pricing

- Business agility
 - **Creating new business models:**

Technology advancements can help your company monetize a variety of products and services. Companies can create new revenue channels by entering adjacent markets such as Daimler's new ride-sharing project Moovel or Apple's Apple Card. For LAD production, the objective of the digitization was to optimize the business process. For an event/ entertainment company, managing a client's database efficiently can become complicated, between managing relationships, tasks, organization, logistics, and sometimes even unforeseen events, it is quite difficult to spend time managing relationships without affecting timelines. As the Covid-19 pandemic brought so much disruption to the business process, it became evident that the company needed a new, better way to solve the planning and management challenges they were facing because of this pandemic.

B. Formulate a digital transformation strategy

After you have decided on your digital transformation goals, you will need to map out how you will get there. Digital transformation projects should aim for end-to-end transformation that is why the digital maturity of your business decides your next move in the digital transformation journey. (Dilmegani, 2022) identified three paths to achieving digital transformation and choosing any one of the paths depends on the digital transformation of a business, its objectives, and the competitive pressure of the company.

Path 1: First, establish and integrate digital activities. Then, using new processes, improve the customer value offer.

Customers' expectations are lower in industries like B2B manufacturing, mining, and government, and the product is either a physical asset or well-established services, therefore altering the way your company runs is the best method for digital transformation. Automating some procedures and processes can help you save money while also refocusing your personnel on higher-value duties.

Path 2: Use digital content, data, and engagement to improve the customer value offer. After that, concentrate on integrating digital operations.

Financial services, insurance, and retail industries, which can offer new revenue-based services via online and mobile devices, should focus on boosting the value they deliver to clients. Key questions should be: In order to make the customer's experience easier and better, digital platforms and omnichannel technology can help create a frictionless conversation between customers and the company. Capturing feedback from customers, emotionally engaging with customers' personalized products and services Service speed, are more ways to improve customer service and better serve customer needs in a business.

Path 3: Build a new set of capabilities around the transformed customer value proposition and operation model in lock-step

You can manage the transformation of operations and customer value proposition at the same time if you have the resources and both objectives are equally critical.

In choosing a strategy, for LAD, the digital maturity was considered, and it was established that the company is interested in creating a digital operation and improving customer value proposition the digital content and operation, these statements were gotten from the company director through the semi-formal interview. The company objectives, therefore, align with the third path identified by (Dilmegani, 2022). This makes sense from the researcher's point of view, as the company is not only involved with its operations in the entertainment industry, but a lot of moving parts are also included, e.g., shareholders, suppliers, media, and most especially the customers, or in

this case, the guests that come from all over the world for the festivals and concerts organized by this company.

Paths to digital transformation

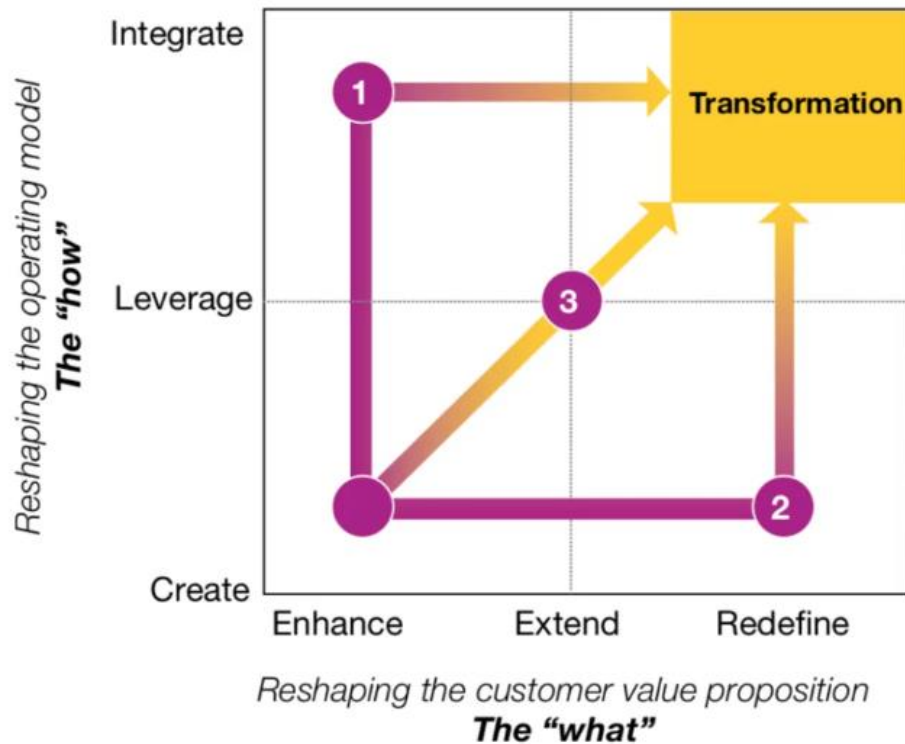


Figure 13: Paths to digital transformation

Source: (IBM, Institute for Business Value analysis), Revised by (Dilmegani, 2022)

C. Decide on the necessary technologies

Now that you have decided on your digital transformation plan, you need to figure out which technologies can help you achieve your goals. Technology selection depends on your use case, and for LAD production, the use case was to better plan their festivals, customer experience, time, and stage management for artists for all the festivals and concerts organized. It became apparent that the company needs a “Customer Relationship Management” system, which will allow the integration of automatic time management, artist management, and customer support inside one system. For an entertainment industry involved in the event planning, managing clients efficiently or in this case artists can quickly become tiresome, between managing tasks, organizations, and unforeseen events, it is difficult to spend time managing

relationships without affecting timelines, especially with the Covid-19 factor applied to this, the CRM or Customer Relationship Management became a very important tool/technology that the LAD production should have had even before the pandemic hit. The CRM would make it easier for the company to be able to optimize the data management related to the participants of the events, manage reservations, or measure the performance of the events. This CRM technology would make the company's work easier.

In the wake of the pandemic, the CRM software was implemented with the company's website, according to reports gotten from the interview, it helped the company be able to further keep up with the unforeseen developments happening due to the Covid-19 pandemic, this software helped the company stay afloat doing the bare minimum through the automation of the following aspects of the company:

1. Easily track contact details and assignments.

The contact manager goes well beyond the basics of managing details like names, organizations, phone numbers, and email addresses. It tracks assignments and activities for each contact (like events/leads, proposals, signatures, invoices). And stores payment methods for each contact so it becomes easy to run future payments and save files related to contacts.

2. Track leads and manages sales pipeline

This feature is most important for seeking sponsorship deals with companies, as it provides the marketing team with the blueprint for repeatable, winning sales processes. It tracks the marketing pipeline via a lead dashboard, put holds with reminders on leads or companies who need time to decide, and assigns clients, staff, and rooms/spaces to leads. It also helps easily create proposals, send emails, track estimated headcounts, and set tasks for follow-ups.

3. Streamline client/artists communications and collaboration

Included in the CRM system were tools for managing clients/guests/artists through the entire life cycle of the event “from pre- to post-event.”

4. Simplify how leads and staff can set appointments.

The platform was completed with the implementation of a system that allows for the scheduling of in-person or virtual meetings with clients. The appointment tool lets you quickly schedule client appointments within the master calendar.

D. Establish a competent technology leadership.

According to the report (Dilmegani, 2022), 87% of businesses believe that digital transformation will disrupt their industry, most of the companies acknowledged that they do not have the right leadership when asked why they have made such conclusions. Success in digital transformation depends on leadership as much as on technological capabilities and availability. The leadership eases the integration of digital culture into the industry.

In other to oversee the execution of each area of activity for the company “LAD production”, ensure decisions are made on time, and keep the transformation process on the course, the company had to create a governance structure, which they called a transformation office (TO), comprising a few top executives of the company, accompanied by analysts from the finance and HR department. Acting as the leader of the team was the CTO “Chief transformation office”, the CTO was in charge of weekly reports to the CEO, highlighting issues and decisions for resolution because many companies do not have a person with the qualifications who could readily step into the role of a Chief Transformation Officer, as this was the case with LAD productions, the CTO was, therefore, an external person from another company, of which the name was withheld due to the privacy policy and sensitivity of the information.

One might ask, is a CTO necessary? Shouldn't the CEO lead the transformation? From the findings of this research, the answer is unequivocal. The company should be

led by the CEO, and the transition should be led by an experienced, full-time CTO. The ideal CTO has a lot of expertise organizing and helping firms through transitions. The CTO should present a vision of what is feasible, combining an objective assessment of best-in-class performance and the company's current capabilities with a practical plan for motivating divergent sections to work together. It is a highly demanding role. Even when things become rough, the CTO must radiate the confidence and gravitas that will keep the organization inspired and engaged. He or she should not be a fist-pounding autocrat but must possess keen judgment and instincts as to how and how hard to push people so that they reach their full potential. The CTO must also be intelligent enough to lead deep dives into the company's most complicated issues. The CTO should function as an extension of the CEO, with the ability and mandate to oversee all levers and impact personnel, investment, and operations choices. The CTO can have a big say in "getting the right people on and off the bus," weighing in on crucial choices like management hiring and firing. Although company leaders may be wary of an outsider, the ability of an outsider to perceive the business with new eyes and make judgments without being shackled by internal politics is one of the most important success criteria for a CTO.

E. Educate employees and instill a digital culture throughout the company.

When going through the transformation process, speed and consistency remain key, thus the importance of training and weekly meetings, this is done to create a digital culture in the company where every employee can freely communicate and discuss with their leaders about innovation, while leaders are encouraging employees to take risks, fail fast, and learn (Dilmegani, 2022).

In other to establish this in LAD productions, a weekly transformation meeting was set up by the CTO, which allows employees and line leaders to be able to discuss the necessary innovations. These meetings lasted between 60 – 90-minute weekly meetings for each department, in addition, a 2-hour weekly TO meeting was also implemented. This 2-hour meeting allowed the top executives to be able to discuss the changes or feedback heard, analyze the potential problems, and the preferred solution

to the innovative challenge they might have during this transformation process. This report is what the CTO presents to the CEO of the company. Through these weekly meetings, the employees, TO and CTO were able to produce a robust tracking and reporting system for the CRM system. These include KPIs to assess the situation with the digital transformation initiatives so that the impact of the transformation can be measured. The KPIs mentioned during the interviews are:

1. Percent of customers that interact digitally – this KPI allows us to see how many customers are now using the integrated digital service of the company, including the integrated map service and app on the company's website through the CRM system. The Target for the initiatives is to have 90% of the guest interact digitally, either through the registration of the user or by using the map services to locate the event.
2. The average time taken to plan and organize events reduces – It is assumed that the digital transformation initiatives allow the time taken to plan events such as the yearly spectacle “Ural Music Night” to reduce, with the digitization of company operations, the CRM system will make the planning easy through the automation of such functions.
3. Overall customer satisfaction – One of the most important aspects of such businesses is the relationships with customers: how good are they, thus this KPI allows us to see the impact of digital transformation on the customer relationships and is based on feedback from customers. The target is to improve the overall satisfaction.

As of the time of making this thesis and the data collection process, The CRM system was planned and implemented in the company at the start of 2021. And because of this huge change to the company process, the company was unable to plan and organize its major yearly event “Ural Music Night.” The results of the initiative from the KPI side were positive. After 1 month test period of the CRM system, the whole TO, employees, and some selected test customers had decided to continue using the system, and for the next month after opening the system to everyone, the percentage of

customers interactions with the website and app rose to 35%. As a summing up of the case study, it can be said from the interview that the case of digital transformation of the business model in Lad production was a good start for the whole digital transformation of the firm, even if these changes were motivated by the Covid-19 pandemic.

CONCLUSION

The examination of the case study data analysis, which was set on an in-depth analysis of a Russian local business in the entertainment industry led to many conclusions, and the analysis of the data retrieved from interviews and observations, business model canvas by (Osterwalder & Pigneur, 2010) proved to be a good research tool for analyzing all different sides of the business in one package, providing the opportunity to find weaknesses and strong points of the studied company.

The investigations of the business models before the digital transformation showed the diversity of all the business units that are working on the same customer segments but are done separately, which put stress on the costs and is not a good foundation for integrating digital technologies with ease from the technical side as well as the business side. Implementation of the digital transformation plan in the company required consolidation of business units and models, as well as dropping unnecessary costs that are not needed after the introduction of digital initiatives.

Returning to the research questions, several things can be said regarding answering these questions after the research was done. The following were the research questions that needed to be answered during the study:

1. What is the effect of the COVID-19 pandemic on the digital transformation of business models?
2. What are the structured approaches to the digital transformation of business models?

About the research question 1, the research on the effect of the Covid-19 pandemic on the digital transformation of business models was conducted, using the secondary source of data to establish the theoretical as well as empirical foundations of the Covid-19 impacts on business models all around the world, and the primary country, Russia. In other to measure the impacts of the Covid-19 on the company's digital transformation, a business model approach was used, and during the research, the business models of the company were created, as the company did not have a

structured business model up till now. After these steps, the analysis of the changes in the business model after the digital transformation were analyzed and discussed in the results. In the final business model, it was not so much a change in total, but several adjustments were done to the business in other to accommodate the situation at hand, and because of the introduction of the digital transformation initiatives in the company.

Answering research question 1, it can be said that there are changes in a major business model element and business processes in the company. The secondary results proved that there was a significant impact on the digital transformation of business models due to the Covid-19 pandemic. The primary results showed the changes in the business model of Lad productions, especially the value proposition, key resources, revenue streams, and cost structure. This new business model now allows the company to better satisfy the customer's needs.

Regarding research question 2, the study examined the company's approach to digital transformation through an in-depth interview with the company's employees and managers. The inside data of the company was studied and using a recent framework (Dilmegani, 2022), it was easy to infuse the framework with the steps the company has taken in other to achieve its digital transformation initiatives and objectives. The resulting transformation led to a loss of revenue in the year 2021, as the company was still in the testing phase, coupled with the Covid-19 pandemic, shortly after the company CRM system was launched, it set to organize its major events in 2022.

Overall, during the research of the company's digital transformation case, several points could be summed up, First, it is evident that customers/guests are ready for digital technologies, and this is true for this case. So, for entertainment industries, there is a good prospect of using digital technologies in their operations. Second, the digital transformation should affect all the key elements in the business model, otherwise, the switch to digital can lead to failures, instead of successes. Third, many untapped potentials for companies may exist inside the company itself, and this requires a change in leaders' point of view, and situational awareness of the leaders to

be able to spot this. Finally, a transformation endeavor is not for the faint of heart. Before going on such a trip, a company's executives must be united and committed, and once they do, they must pay close attention to not only the specific initiatives but also the changes they are making to the business process.

Theoretical Contribution

The study contributes to the academic research in the context of evaluating the use of digital transformation in the entertainment industry, especially in the context of Russian firms, which can be applied to research outside of Russia. Also, the study contributes to the usage of the business model canvas framework for evaluating business performance and the changing of the elements during transformations.

This study's direct contribution is the study of the digital transformation of Russian firms on a concrete example. As was discovered during the literature review, very few papers exist on the topic of digital transformation in Russian firms, and most of the materials focus on cases from outside of Russia (Faridi & Malik, 2020; Li, Su, Zhang, & Mao, 2018) Other materials that were found for the case of Russia are not directly connected to the digital transformation examples on firms, but rather the theoretical perspective of this question (Versockiy, 2019) This study will provide a practical example on a case of a real company that had undergone a digital transformation for further research purposes since there are many more industries in which digital transformation in the entertainment field can happen.

The research also contributes to the usage of the business model canvas framework, which can be used for understanding which elements the business is made up of, and later to evaluate these elements and innovate on them. Innovation in business models has been thoroughly examined previously by academics (Depaoli, Za, & Scornavacca, 2020)), but the research on the Russian local businesses is poor and this study may help to contribute to this topic and provide a base for further research.

Managerial Implications

Enterprises' usage of digital technologies is rising every year, especially after the effects of pandemic lockdowns of the COVID-19 virus. Technologies that have been proven helpful and business-changing are already in use by larger companies and enterprises, so it is just a matter of time when these technologies will reach the hands of local businesses. The creators of the solutions for SMEs always take inspiration from bigger firms, and this means that SMEs can have a high chance of using a technology that is proven viable to use and quite dependable, and the costs of deploying such solutions are lower. The question of integrating these solutions as a part of digitally transforming small and medium-sized companies is still an open question, since this requires a broader understanding of the topic, unlike the regular business processes of yesterday.

This research can prove to be useful to decision-makers in various Russian entertainment industries as a concrete and unbiased example of digital transformation that is already in progress in the company. During the research, several business model canvases were prepared, covering the whole picture of the situation in the company before the digital transformation, and the situation after the first steps of digital transformation was shown on the canvases. For decision-makers in the entertainment industries, this research can also be useful to serve as an example of how business model canvases can be used for evaluating the business. This can help decision-makers to make the decision with less bias and have better control over the complete process if they want to do a digital transformation in their companies.

Limitations and future research opportunities

The research that has been conducted has some limitations that can be addressed in further research. This will help to understand the problem from different perspectives and address the shortcomings.

First, the research was conducted with a particular case study in mind. Even though the case study was comprehensive and in-depth, the research only covers one

industry – the entertainment industry. There are a lot of companies in this sphere, but businesses resident in Ekaterinburg has an extremely broad range of industries in which this research can be conducted. It would seem reasonable to include different companies in the entertainment industry (For example, Coachella) that can have diverse needs of customers and the business itself can be built on other principles, to which the example explained in the research may not be viable.

Second, the research had a limited time for evaluating the effects of digital transformation, and it would be more viable to research this example again in a few years to understand the long-term effects that a digital transformation can bring to small and medium companies.

Third, the research focuses only on one region of Russia, and does not consider the situation in regions that are more economically prosperous, like Moscow and Saint Petersburg; and in the regions that are less economically prosperous. Since the differences in economic power in regions of Russia is quite different, especially comparing bigger cities, the effects of the digital transformation can differ up to the point that they may not be economically viable.

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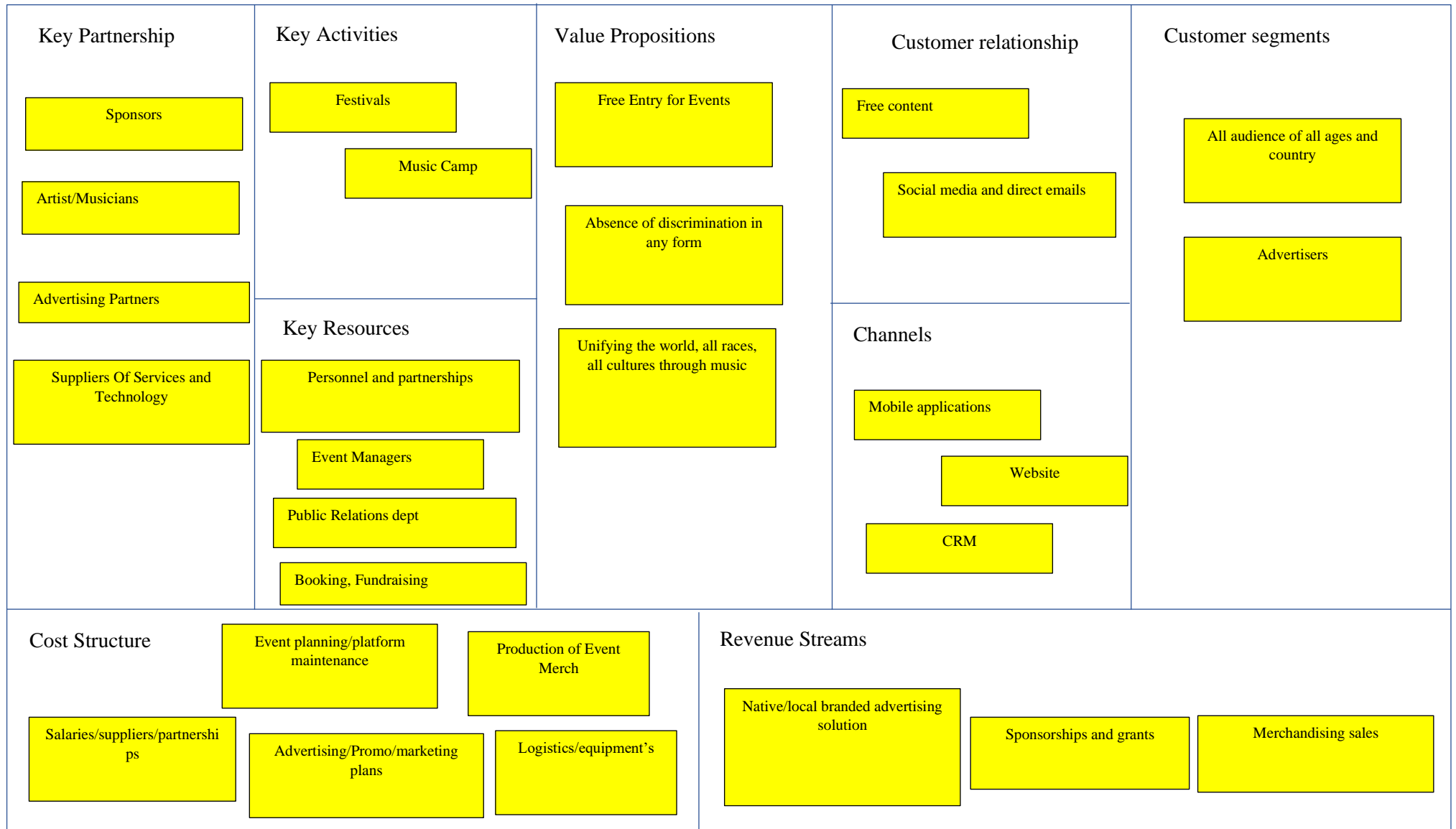
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APPENDIX 1: BUSINESS MODEL OF THE COMPANY BEFORE THE DIGITIZATION



APPENDIX 2: BUSINESS MODEL OF THE COMPANY AFTER THE TRANSFORMATION

